

FACT SHEET

Foreign press reports on the development of change in shareholding of PCCW Limited

(Based on foreign press reporting from 3 August 2006 to 20 November 2006)

Table — Foreign press reports on the development of change in shareholding of PCCW Limited

Date and source	Development
<p>22 September 2006 The Strait Times</p>	<p>The Pacific Century Regional Developments (PCRD) announced in a statement to the Singapore Exchange (SGX) dated 20 September 2006 that a HK\$500 million loan was provided by Li Ka Shing to Francis Leung (known to have close ties to the Li family). The funds were later returned by Leung.</p> <p>The announcement said that the loan facility was provided by Li Ka Shing to Leung before the negotiations for the PCCW Limited (PCCW) purchase, and was intended for use unrelated to that deal. The funds were used by Leung as "temporary financing" to make a HK\$500 million down payment in the PCCW deal.</p> <p>The announcement stated, "The company wishes to clarify that no communication of the (PCCW) sale took place between Mr Richard Li and Mr Li Ka Shing at any time during the negotiations with (Mr Leung), prior or subsequent to the (10 July) sale announcement". Richard Li "had no knowledge of and was not aware that the HK\$500 million deposit was financed by funds drawn from the facility (provided by Mr Li Ka Shing)".</p> <p>The announcement also said that Richard Li would abstain from voting on the PCCW stake sale, if Francis Leung's consortium of investors buying the PCCW stake included any party related to him or his father.</p>

Table — Foreign press reports on the development of change in shareholding of PCCW Limited (cont'd)

Date and source	Development
28 September 2006 Financial Times	PCRD disclosed that TPG Newbridge had walked away from the offer, leaving Richard Li's Pacific Century Group (Cayman) to step in, match the terms, and provide minority shareholders with the charade of a vote. In July, Li agreed to sell PCRD's 23% stake in PCCW to Francis Leung for US\$1.2 billion (HK\$9.3 billion) ¹ . PCRD did not disclose the amount TPG Newbridge would receive to walk away, but the arrangement removed a potential obstacle to Francis Leung's purchase of PCRD's stake in PCCW.
10 November 2006 The Strait Times	<p>The independent directors of PCRD advised shareholders of PCRD to vote against the privatization scheme proposed by Richard Li. The directors based their advice on a report by the independent adviser CIMB-GK, which assessed the offer. Richard Li was offering shareholders S\$0.35 (HK\$1.50)² a piece for their PCRD shares, while CIMB-GK valued PCRD at between S\$0.303 (HK\$1.49) and S\$0.484 (HK\$2.38) a piece, based on a sum-of-parts valuation.</p> <p>If PCRD sold its PCCW stake at HK\$9.2 billion, its valuation would jump to between S\$0.452 (HK\$2.22) and S\$0.484 (HK\$2.38) a piece – significantly higher than what Li was offering.</p>

¹ The average exchange rate of US\$ to HK\$ for May 2006 was US\$1 = HK\$7.754.

² The average exchange rate of S\$ to HK\$ for May 2006 was S\$1 = HK\$4.92.

Table — Foreign press reports on the development of change in shareholding of PCCW Limited (cont'd)

Date and source	Development
<p>16 November 2006 The Business Times</p>	<p>The independent directors of PCRD were recommending shareholders to vote in favour of the sale of the 22.64% stake in PCCW to a Li Ka-shing consortium. The vote would take place at the extraordinary general meeting to be held on 30 November 2006.</p> <p>The recommendation came after Genesis Capital Pte. Ltd., the financial adviser to the independent directors, said in a circular to shareholders dated 14 November 2006 that the sale was on "normal commercial terms and [was] not prejudicial to the company and its minority shareholders".</p> <p>Initially, Genesis wanted PCRD's independent directors to highlight to minority shareholders that the sale was subject to performance risk of Francis Leung, who acted as "a special purpose vehicle with a deferred payment arrangement and no personal guarantee or bank guarantee" for his plans to pay for the PCRD's stake in PCCW. However, its concern over the performance risk was "mitigated" after Leung recently teamed up with Telefonica and the two foundations belonging to the older Li.</p> <p>Genesis also highlighted that the premium provided by the offer price might not be "so attractive" as the Hang Seng Index had risen by about 13.78% since the sale announcement dated 10 July 2006. "In addition, we note that the offer price fell within the price range of the analysts' estimate target prices and not a premium over the upper range of the analysts' estimate target prices of PCCW shares", Genesis said.</p>

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