

FACT SHEET

Foreign Press Reports on the Development of Change in Shareholding of PCCW Limited (Based on foreign press reporting from 21 November 2006 to 9 January 2007)

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

Date and source	Development
23 November 2006 Financial Times	<p>Francis Leung, an investment banker and confidant of Li Ka Shing, issued a statement (dated 21 November) clarifying aspects of his purchase of Richard Li's controlling 23% stake in the PCCW Limited (PCCW). Francis Leung first agreed to pay US\$1.2 billion (HK\$9.34 billion) for Richard Li's PCCW shares in June after talks to sell its assets to rival bidders Macquarie Bank and TPG Newbridge had been vetoed by China Network Communications Group Corporation (China Netcom), the Beijing-controlled telecoms group and PCCW's second largest shareholder.</p> <p>When Francis Leung had trouble raising the money, he turned to Li Ka Shing for a US\$64 million (HK\$498.3 million) loan to fund a down payment. He disclosed that two of Li Ka Shing's charitable foundations would also join his consortium, paying US\$622 million (HK\$4,842.9 million) for a 12% stake in PCCW.</p> <p>In his statement, Francis Leung offered to cancel the PCCW transaction, provided that (Richard Li) reimbursed the costs and expenses incurred by (Francis Leung) in connection with the transaction.</p> <p>In responding to Hong Kong reporters regarding Francis Leung's statement, Richard Li said that "I am very unsatisfied with the results. I will be very happy if minority shareholders vote down the deal ... I will continue to develop and lead PCCW".</p>

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

Date and source	Development
24 November 2006 The Business Times	It was emerged that Richard Li might face regulatory scrutiny over his recent acquisition of the Chinese-languged Hong Kong Economic Journal, to see if he had breached any cross-ownership rules.
25 November 2006 The Straits Times	The vote over a bid to privatize Pacific Century Regional Developments (PCRD) offered by Richard Li was vetoed overwhelmingly. This put the shareholders in the driving seat in a keenly-awaited showdown next week (30 November) on the proposed sale of PCRD's totalled HK\$9.16 billion dollars stake in PCCW.
29 November 2006 Financial Times	<p>A source told the <i>Financial Times</i> that a senior Chinese official intervened to scupper the sale of PCCW's assets to foreign investors. The intervention was orchestrated by Liao Hui, head of the State Council's Hong Kong and Macao Affairs Office (HKMAO) and a member of the Chinese Communist Party's ruling Central Committee. Liao Hui and departmental colleagues signalled their opposition to several senior executives close to the deal.</p> <p>The intervention torpedoed delicate negotiations between PCCW and two rival bidders, Macquarie Bank and TPG Newbridge, both of which proposed buying PCCW's fixed-line, mobile, broadband and Internet television assets in June.</p> <p>HKMAO was also reported to intervene to head off initial support for the sale of PCCW's assets to one of the two foreign bidders. Senior executives at China Netcom were initially willing to contemplate a sale of PCCW's assets to either Macquarie or Newbridge, according to two executives involved in the deal. However, HKMAO's objections forced China Netcom's hand.</p> <p>China Netcom said yesterday that the company's objection to the sale of PCCW's assets was arrived at independently.</p>

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Date and source	Development
30 November 2006 The New York Times	<p>At yesterday's extraordinary general meeting, minority shareholders of PCRD voted against the offer of HK\$9.16 billion dollars to buy the company's 22.6% stake in PCCW.</p> <p>PCCW was being sought by a consortium led by Francis Leung, which included Telefonica and two foundations run by Li Ka Shing, the father of Richard Li who is the chairman of PCRD.</p> <p>The vote on whether to sell the stake in PCCW was left to minority shareholders as the Singapore Exchange had disallowed Richard Li from voting because of his father's involvement.</p>

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