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葉劉淑儀議員辦事處
Office of Hon. IP LAU Suk Yee, Regina

Our Ref.: LA2/FIN/08-09

Your Ref.:

9 April 2009

Hon CHAN Kam-lam, SBS, JP
Chairman, Panel on Financial Affairs
Legislative Council
8 Jackson Road
Hong Kong

Dear Kam Lam,

Matters Arising from PCCW's Buyout

The controversy of PCCW's buyout has been watched closely by international media since last December as a test case of the soundness of Hong Kong's financial regulations. Though the Securities and Futures Commission (SFC) rightly proclaimed that "share-splitting" is unfair and detrimental to small investors' interests, the privatization was still given green light by the court. In her ruling, Justice Susan Kwan did not consider "share-splitting" illegal as there is no existing legislation that specifically addresses such issue.

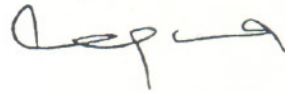
The Wall Street Journal published a story on 7 April 2009 calling the court decision "A Step back for Hong Kong governance". Numerous local media expressed similar concerns. I think it is time for LegCo to take a serious look at both the relevant provisions of the Companies Ordinance and the Codes on Takeovers and Mergers issued by the SFC under the SFO, so as to better protect small investors' interests and to uphold Hong Kong's reputation as an international financial centre.

I suggest that this issue be added to the agenda of this Panel for discussion at the

- 2 -

earliest opportunity.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Regina', written in a cursive style.

IP LAU Suk Yee, Regina

c.c. Other Panel Members