

## **Issues relating to change in shareholding in PCCW Limited**

### **List of questions**

The Administration, Telecommunications Authority, Broadcasting Authority, Securities and Futures Commission and Hong Kong Exchanges and Clearing Limited are invited to comment on the recently reported sale of the 22.66% shares in PCCW held by Pacific Century Regional Development, a Singapore-listed company, to the Fiorlatte Limited; the developments and circumstances leading to the sale as well as the public concerns expressed about the change in the shareholding, in particular in the following aspects:

- (a) Whether the sale mentioned above and the non-disclosure of the ultimate beneficial owner(s) involve any breach of statutory provisions or listing rules?
- (b) Whether the sale mentioned above and the special payment arrangement (the buyer will pay by instalment and could take up to 18 months to complete the transaction after the first payment) will adversely affect the interest of the minority shareholders of PCCW and Hong Kong's reputation as an international financial centre?
- (c) The evolution of the deal from the initial plan for divestment of PCCW assets to potential foreign buyers (Australian investment bank Macquarie Group and US-owned firm TPG-Newbridge) to the sale of shares to a local buyer (the Fiorlatte Limited wholly owned by Mr Francis LEUNG Pak-to) has given rise to public concern about possible political interference in a free market. How could such concern be addressed?
- (d) What are the service licences currently held by PCCW? Whether the Administration envisages that the change in the shareholding in PCCW would have any implications on fair competition in the telecommunications and broadcasting markets, protection of consumers' and shareholders' interests, etc?
- (e) Whether and how the Administration and the regulators would follow-up on the issues mentioned in items (a) to (d) above and what are the factors that would be taken into consideration in undertaking the follow-up actions?

- (f) The Administration and the regulators are invited to explain the legislative requirements and regulatory framework for monitoring shareholding changes in telecommunications/broadcasting companies in Hong Kong, in particular whether the sale of shares in PCCW in question would trigger the regulatory mechanism under section 7P of the Telecommunications Ordinance (Cap. 106)?
  
- (g) Whether the Administration and the regulators see any inadequacies, as reflected in the sale of shares in PCCW in question, in the existing legislative and regulatory framework, and a need for reviewing the existing legislation and monitoring mechanism to improve effectiveness?

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21 July 2006