

## *The Betty Letters*

*My Dear Grandchild,*

*It is said that every dog has its day, but puppies are rarely successful in many of their pursuits because, among other things, they are, after all, still learning how to survive without being eaten by predators, where to beg for food in order to sustain their lives, where to urinate and defecate, how to be politically correct to their elders (or else they get a bite on their ear), etc, etc, etc. Puppies never join in a fight, in which their elders are engaged, because they have yet to learn the art of being a successful fighter or, alternatively, when to fight and when to avoid a fight. In the society of wild wolves, the alpha male and the alpha female are the mating pair and woe betide any sexy youngsters, which try to usurp the position of the leaders of the pack. Which brings me to the matter of Mr Richard Li Tzar Kai, the Number Two Son of one of the wealthiest men in the world, Mr Li Ka Shing. Mr Richard Li Tzar Kai, unlike his (alpha brother), Mr Victor Li Tzar Kuoi, is only half educated, you know, so that, as with all the puppies in the wolf pack, he, probably, has yet to learn the finer points of being a successful fighter ... and when to avoid a fight, especially when he is badly outclassed. The Government of China, which could be likened to the alpha male and alpha female of a wild wolf pack, as far as Mr (puppy) Li Tzar Kai is concerned, is, today, calling the shots in respect of PCCW Ltd, Hongkong's largest, fixed-line telephone company, which is supposed to be headed by Mr (puppy) Li Tzar Kai, its present Chairman. While the Government of the Motherland only owns twenty percent of the Issued and Fully Paid-Up Share Capital of PCCW Ltd, it is quite willing and is very able to exert, obliquely, a great deal of control over this telecommunications company and, as such, has, indirectly, a great deal of control over Mr (puppy) Li Tzar Kai, who has just realised that he has been relegated to being the titular head of the company, only. However, Mr (puppy) Li Tzar Kai has only recently realised this as being fact – but that fact has been driven home, very forcefully. As far as the Government of China is concerned, it was Mr Li Ka Shing who purchased control of what is, today, PCCW Ltd. Control of the company was executed when a deal was struck with Cable and Wireless plc in 2000 for control of Hongkong's largest, fixed telephone-line company. It caused the Li Ka Shing Empire to have to borrow about \$HK127 billion, at the time, in order to complete the cash-and-share arrangement. The takeover had the blessings of Beijing; Bank of China was the biggest lender to Mr Li Ka Shing, et al. As far as China was concerned, it was Mr Li Ka Shing who had to pull off the deal. For certain, Mr (puppy) Li Tzar Kai could never have been able to twist the arm of bankers without Daddy's influence and the Government of China's tacit endorsement of the takeover of this very important infrastructural company. As you are aware, My Dear Grandchild, there have been at least two huge multinational companies, which would like to take control of the assets of the puppy's company, but the Motherland has made it very clear: 'No, thank you'. If only Mr (puppy) Li Tzar Kai had realised, early on in the game, that before a puppy eats, it must, first, beg permission of the alpha male and/or the alpha female, he might have obtained permission to taste some very delectable foods, subject to certain conditions. However, Mr (puppy) Li Tzar Kai did not seek permission from the Motherland, a priori, and, as a result, the takeover bids for the assets of PCCW Ltd were repulsed, outright – by the Government of China! Even though the two known bidders for the assets of PCCW Ltd were, we are told, ready to permit the Government of China to hold about half of the Issued Share Capital of*

*a new company to be formed and floated on The Stock Exchange of Hongkong Ltd, the Chinese Government was adamant: 'No, thank you. Please keep you fifty billion dollars .. or, whatever it is.'*

*Which brings me to the matter of the financial advisers of the offerors for the assets of PCCW: For what reason did not the financial advisers suggest that the best way to be successful in acquiring the assets of a company, which is part of the infrastructure of Hongkong, regardless of the legal ownership of the corporate control of the holding company of those assets, was, first, to seek permission and/or advice from the Government of China? Of course, it is all too late in the day, now. The coffers of China are overflowing with cash so that it is no longer a matter of money, control of the assets of a Hongkong infrastructural company, or who gets what under the table, but strictly a matter of face and the maintenance of the Hongkong status quo, as far as the Motherland is concerned: 'We are the alpha male and alpha female, combined. For what reason were we not consulted, first, about this matter, prior to all of the publicity about the prospects of a takeover of the assets of this, our telephone company?' And the Motherland is correct, in my opinion. As for Mr (puppy) Li Tzar Kai, it is understandable that he did not, first, approach his betters, prior to his boasting that a couple of behemoths of the international financial world were in the market to buy all of the assets of PCCW, because, as I have already explained, inter alia, he never finished his formal education and, probably, due to that little oversight (or intellectual failing), he could not understand, fully, how puppies should act in the company of the alpha male and alpha female. I wonder whether or not Mr (Daddy) Li Ka Shing can mend the fences in Beijing in view of the ruckus that has been caused, directly and indirectly, by his little puppy son. It seems unlikely, I think. Which leads me to wonder whether or not the Li Ka Shing Empire in China and Hongkong has suffered irreparable damage. By all accounts, Mr (puppy) Li Tzar Kai, the man who would be king of the telecommunications' hill in Hongkong, has caused so much damage that it is quite likely to blot the copybook of the entire Li Ka Shing Empire for many years to come – if it is not an indelible stain . From the point of view of the Government of China, it bought its twenty percent stake in PCCW Ltd for about \$HK7.80 billion as a favour to the friend of China: Mr Li Ka Shing. It did not have to purchase that minority stake, but it did so about eighteen months ago, more as a gesture of friendship and support than anything else. Today, the Government of China must feel that it is being stabbed in its proverbial back by Mr (puppy) Li Tzar Kai. This is just not done and it is very indicative of a puppy, trying to usurp the alpha male and alpha female.*

*You know, Mr (puppy) Li Tzar Kai's companies have never been money spinners in the way of his illustrious father's companies. Mr Li Ka Shing is known to be endowed with the Midas Touch. If anything, Mr (puppy) Li Tzar Kai is, today, considered to have been endowed with what I would describe as being the Reverse Midas Touch: Everything that he touches, sooner or later, turns to faeces, not gold. It has taken Mr Li Ka Shing about four decades to reach his present situation as one of the richest men alive and, today, some of his financial accomplishments may have been put in jeopardy due to his Number Two Son, who, at the age of thirty nine years, is still very much a puppy in the eyes of many people – and, probably, he will always be such. Which brings me to my last point of the day: Puppies must be trained from a very early age and, very often, if the sire spares the rod, he spoils the child.*

*Talk to you, next week.*

*Chief Lady*

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