

2869 9275
2868 2813

By Fax: 2523 5722 & By Post

13 July 2002

Secretary for Financial Services and the Treasury
Financial Services and the Treasury Bureau
(Attn. : Mr Martin Glass, JP)
4/F, Main Wing
Central Government Offices
HONG KONG

Dear Mr Glass,

LegCo Panel on Transport
Subcommittee on matters relating to
the implementation of railway development projects
Briefing by the Administration on
the MTR Penny's Bay Rail Link Project Agreement

I refer to our telephone conversation just now in which you clarified that when you mentioned section 39 of the Public Finance Ordinance (Cap. 2) at the Subcommittee meeting held on 9 July 2002, in relation to the Government's agreement to waive its claim for \$798 million (at present value) worth of dividends otherwise payable by Mass Transit Railway Corporation Limited as a shareholder in the draft Project Agreement, you actually meant to say section 38 (1)(a) of Cap. 2.

You have kindly agreed that you would let the Subcommittee have written clarification on this point and explain why in the Administration's view that section 38 (1) (a) applies.

I am copying this letter to the clerk to the Subcommittee so that he could arrange to have the written information provided to the Subcommittee for its meeting on 16 July 2002.

Yours sincerely,

(Jimmy MA)
Legal Adviser

c.c. CAS(1)2