



**三號幹線(郊野公園段)有限公司**  
**Route 3 (CPS) Company Limited**

Our Ref. : R3/A220/003/VY/sk/L051009

7 October 2005

Legislative Council  
Legislative Council Building  
8 Jackson Road  
Central, Hong Kong

**By Fax 2869 6794**  
**& By Post**

Attn: Ms. Salumi Chan

Dear Ms. Chan,

Subcommittee to Study Tate's Cairn Tunnel Ordinance (Replacement of Schedule) Notice 2005 and Tai Lam Tunnel and Yuen Long Approach Road Ordinance (Replacement of Schedule 1) Notice 2005

We refer to your letter to us dated 5 October 2005.

We truly understand the Legislative Council Members' appeal that there should be more transparency with regard to the financial information of our Company. We are willing to comply as far as practicable. However, a balanced view between transparency of financial information and commercial interest of private investors is important for a society in harmony. We have already submitted all information as required under the Project Agreement, and have further provided the Company's actual financial information. However, the disclosure of three-year projection and annual budget is neither a general practice for transport operators, nor a statutory disclosure requirement of listed companies. We would like to point out that our toll increase mechanism is based on the actual financial position of the Company rather than the budget and projection, which are only estimates of the future and may be subject to the change of market conditions and various other factors. Therefore, the actual results are the information relevant to the Legislative Council members and the public. Therefore, we cannot agree to disclose the three-year rolling projection of net revenue and the budget of operating costs in the Legislative Council.

Nevertheless, we have no objection to allowing the Government to disclose in the Legislative Council in October each year the franchisee's annual audited statement of Actual Net Revenue and to make a statement on that occasion on both the figures and any application for a toll increase, so as to enable the Government to fulfil the undertaking.

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Regarding the investment by our shareholders in the project, please note that:-

1. Upon completion of the tunnel and expressway in May 1998, the investment by shareholders was \$2.5 billion, and the bank loan facility was \$4.7 billion.
2. Since the Company incurred substantial losses, and in order to refinance the bank loan at a lower interest margin, shareholders had further injected capital to our Company. As at 31 July 2005, cumulative investment by our shareholders was \$3.7 billion and the outstanding bank loan amount was \$2.3 billion.

Yours sincerely,

Vincent Fong  
General Manager