

In response to the proposal to seek Legislative Council's authorization for the Bills Committee to exercise the powers conferred under the Legislative Council (Powers and Privileges) Ordinance (Cap. 382) to order the Administration and MTR Corporation Limited to disclose further information relating to the valuation of the property package and financial arrangements for the merger deal

Madam Chairman and the Honorable Members,

I. MTR is the "buyer"

In any commercial transaction, buyers and sellers negotiate in good faith to reach an outcome. Buyers and sellers do not disclose to each other their confidential, commercially sensitive information that is pertinent to the transaction. In the proposed merger, MTR is the "buyer" and Government/KCRC are the "sellers". It would be unprecedented and inappropriate for MTR to be forced by a statutory mechanism to reveal such information to the sellers or any third party. Forcing the Company to provide such information would effectively remove the level playing field. It would mean that the Company's commercial position will be prejudiced and over 300,000 minority shareholders, being the general public of Hong Kong, will thereby be prejudiced as well.

II. Not in the wider public interest nor best interests of Hong Kong

Invoking a statutory mechanism to force MTR as the buyer to

disclose its confidential, commercially sensitive information is not in the wider public interest nor the best interests of Hong Kong. To do so, would set a bad precedent for Hong Kong which may dissuade other private sector entities and international investors from entering into any future transactions with the Government. It would also damage Hong Kong's commercial and business standing, both domestically and internationally, and is therefore not in Hong Kong's best interests.

The Company will continue to co-operate and work closely with Government and the Bills Committee with a view to facilitating the discussion of the Rail Merger Bill. However, it is inappropriate for the Company to be forced by a statutory mechanism to reveal its confidential, commercially sensitive information relating to the proposed merger. We strongly urge members to vote **AGAINST** the Motion.

MTR Corporation

30 November 2006