

Dear Honourable Members of the Legislative Council,

Earlier on 25 February 2007, I have sent you all an email subjected "HK should trust free market to serve public housing residents" stressing the very fundamental importance of belief in market forces in HK, which in turn received echoes from some of your members.

I am aware, with much regrets, that the Link, which is a private listed commercial entity, is called again to attend your panel meeting later this week, and would like to take this opportunity to reiterate my thoughts as enclosed below, to offer members of the Legco and the Panel on Housing a more rational and sensible viewpoint amidst the controversy. As a member of the general public whom the Honourable Legislators pledge to serve, I truly believe the long-adhering free-market tradition will continue serving Hong Kong's citizens well, and would appreciate my views being channeled to all panel members at the meeting.

I hope I have got my message across and looking forward to your feedback.

Yours sincerely,  
Vincent YIP  
An investor of the Link REIT  
11 April 2007

*Vincent Yip*

Dear Honourable Members of the Legislative Council,

Since the Link REIT became a fully investor-owned company upon its listing on the Stock Exchange in November 2005, some of you have requested, on several occasions, senior government officials or the Link's representatives to come to the Council to discuss commercially sensitive business issues such as those relating to rental adjustments. As an investor of the Link, I have followed your arguments very closely. While I have no doubt about the good intention of your actions, I would like to offer my views, not from the personal viewpoints of an investor, but from the perspectives of protecting Hong Kong's free-market tradition and promoting the interests of people those actions sought to protect.

In response to a question from one of you, the Secretary for Housing, Planning and Lands Mr Michael Suen said in the **Legco meeting on 7 February 2007** that the rental increases of The Link's shopping centres were moderate, compared to the overall market. Coincidentally, the Link's unit price dropped by 2% against a rise in market benchmark Hang Seng Index on that day.

While it is difficult to be certain if the drop in unit price is a result of the LegCo

discussions, there is no escaping the notion that questions raised by many of you tend to be intervening the business operation of an independent and privately listed company in which the government has no more stakes whatsoever. Invariably, those discussions have dampening effects on the Link's unit prices, thus hurting the Link's ability to raise capital, and roll out more business initiatives which, from what I see, are only for the benefits to consumers, i.e. the very same group of people you should try to protect. I could not help but wonder what benefits such discussions really bring to our society, and whether any such discussions regarding the link has gone beyond the key functions the Legislative Council is supposed to be focusing on.

Your website says, "The main functions of the Legislative Council are to enact laws; examine and approve budgets, taxation and public expenditure; and monitor the work of the Government." I would truly appreciate if you may enlighten me just how the Link's rental adjustments have any relations to your functions as described on the website. True that the Link's tenant remixing has recently attracted much public attention. But those are private business dealings, conducted as with all other tenancy negotiations between a landlord and a tenant underway in Hong Kong everyday.

Besides, those shopping centres, under the link, are now being run, as they should be, in a more customer-oriented and efficient manner, and most important of all, freed from shackles of bureaucratic practices. As much as you feel obliged to ensure the facilities continue to provide for public housing estate residents' basic needs, the Link, as a profit-seeking business entity, should be eager to turn the same into attractions for those residents, its primary customer base with reference to its properties location. In other words, your interests in protecting the public housing residents are in fact aligned with the Link's business objectives, since the best way to enhance shopping centres' values is to keep their customers happy and satisfied so that patronage, and hence, rental value, may be boosted.

I would therefore urge all of you to trust the free market to serve residents well, to give the market a free hand in doing what it does better than anyone else, and to judge the Link's work with reference to the shopping centres' popularity among customers, rather than the negative media publicity secured by vested business interests who have failed to meet market demands and whose "livelihood" is protected only at the expense of the consumers as well as investors.

I would also like to point out that as a private company. The Link has every right to pursue a market-driven business strategy to generate returns for its shareholders by creating customer value. The Link doing its utmost to enhance value for its customers is free market functioning at its best. After all, Hong Kong has thrived on the basic premise that businesses, not public servants, know best how to run a business.

I hope the ideas above have reflected my concerns over the tendency to abandon our much treasured beliefs in free market in our discussions about issues relating to the Link, and will inspire a more enlightened, laissez-faire approach in discharging your solemn oversight responsibilities on matters of public interests, where the Link is concerned. Looking forward to your feedback and more constructive discussions

which are conducted at the expense of the public.

Yours sincerely,

Vincent YIP  
An investor of the Link REIT

25 February 2007

CC:  
SCMP;  
HK Business;  
Mr. Donald Tsang, Chief Executive of HKSAR;  
Mr. Henry Tang, Financial Secretary of HKSAR;  
Mr. Frederick Ma, Secretary for Financial Services and the Treasury;  
Mr. Michael Suen, Secretary for Housing, Planning and Lands  
Mr. Martin Wheatley, CEO of SFC;  
Mr. Paul Chow, Chief Executive of HK Stock Exchange