

November 6, 2007

Panel on Environmental Affairs
3rd Floor, Citibank Tower,
3 Garden Road, Central
Hong Kong

Attn: Mrs. Mary Tang
Clerk to Panel
Legislative Council Secretariat

Panel on Environmental Affairs
Special meeting on 9 November 2007

Dear Madam,

Thank for your invitation dated November 2, 2007.

We would like to take this opportunity to assure you that ExxonMobil Hong Kong Ltd supports the Government's initiatives to control air pollution and further improve roadside air quality, including but not limited to the introduction of environmental-friendly fuel. Our commitment is demonstrated in our active responses to a number of government environmental initiatives implemented in recent years. Currently, our service station network comprise 18 retrofitted service stations supplying AutoLPG to taxis and minibuses and is probably the largest non-dedicated AutoLPG service station network in Hong Kong. We also invested no less than \$50 million in replacement of our dispensers to comply with the Vapour Recovery Phase 2 requirements. Thirteen service stations in our network are selling UREA which is a vital support for the introduction of Euro 4 heavy duty vehicles that was promoted by the Government earlier this year.

We understand that there is discussion on the duty concession being proposed by the Government for early supply of Euro V diesel in December 2007. As a motor fuel retailer, our role is to collect the duty on behalf of the Government from customers and we shall continue to perform our role accordingly. However, we would again like to

stress that pump prices are determined by product costs, transportation and distribution costs, land costs and other operating costs as well as prevailing market conditions and competitiveness. The duty concession, movements in market conditions, all the aforementioned costs as well as all other costs that may be required for implementing the launch of Euro V diesel, will all be factored into the actual pump price of the product.

We trust the above information is useful to your Panel. Should you require further information, please feel free to contact our Madam Grace Lam at 3197 8333.

Thank you for your kind attention.

Yours faithfully,

Shek Wai Ming
Director, Retail Sales
ExxonMobil Hong Kong Limited