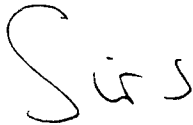


2 February 2007

Economic Development Branch (Division A),  
Economic Development and Labor Bureau,  
2/F, Main Wing, Central Government Offices,  
Lower Albert Road,  
Central,  
Hong Kong

Dear



**Competition Policy – Public Consultation**

I refer to the public discussion document on the way forward for competition policy in Hong Kong and am writing to provide comments from the Corporation.

The Corporation is in full support of fair competition. However, provision should be made to exempt those already regulated industries such as railways from any new general competition law in Hong Kong as explained below.

The high cost of constructing railways, coupled with the need to optimize economic efficiency, naturally limits the number of different railway operators. This does not mean that there is a lack of competition as the railway service in Hong Kong has to compete directly with other public transport.

The Mass Transit Railway Ordinance together with the Operating Agreement for the Corporation are in place to regulate the railway service with prohibition of any anti-competitive conduct while ensuring a safe and efficient operation as well as providing a quality service at reasonable fares. The public interest is safeguarded by such regulation.

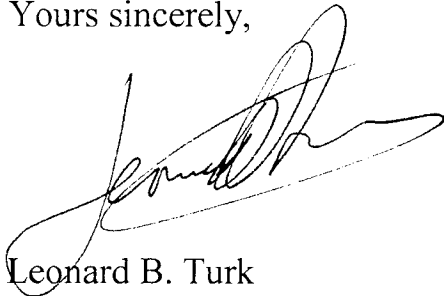
As far as our studies have determined, all overseas advanced economies with a general competition law have provided for exemptions from the law in cases where public interest or economic grounds are paramount or are met in alternative ways such as government regulation.

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The railway service in Hong Kong is already a regulated industry and therefore should be exempt from any future competition legislation.

Yours sincerely,



Leonard B. Turk  
Legal Director & Secretary