

A motivated work force

Human Resources

During 2003, MTR successfully met the challenge of making further improvements in employee productivity, while maintaining staff morale during the difficult period of SARS and preparing for the subsequent rebound.

Enhancing staff productivity

MTR has remained dedicated to continuously improving productivity among its committed and motivated employees. During 2003, the weak economy, together with the negative impact on revenue from SARS, increased pressure on the Company to control costs while maintaining a high service quality.

The challenge posed by SARS and a difficult operating environment necessitated a greater emphasis on communicating with employees in order to maintain high levels of motivation. During the year we devoted more efforts to increasing consultation and communication with staff across the Company in order to enhance their understanding of the challenges and difficulties faced.

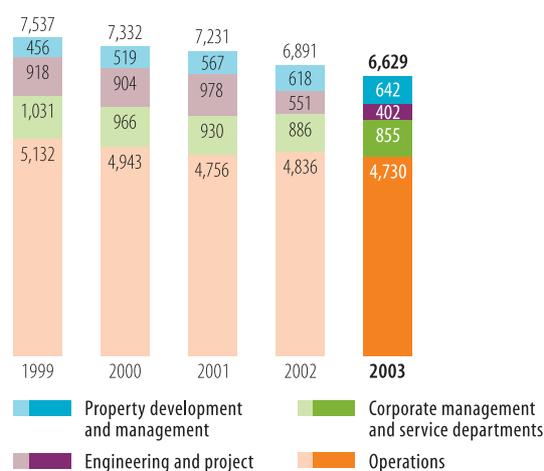
In conjunction with these efforts, we re-examined our Staff Attitude Survey and identified areas for improvement to include in the fifth survey, which we launched at the end of 2003. To achieve a more cost effective survey, beginning in 2003 a sampling approach was adopted rather than including all employees. In addition, we developed an Employee Satisfaction Index that will allow us to benchmark staff attitudes, helping to identify better areas of strength and areas where improvement is needed.

Our dedication, together with continued efforts to redeploy staff across our operations, helped support further productivity gains during the year. Through our employees' efforts and commitment, our patronage and commercial activities recovered more quickly than was first anticipated. In recognition of this, the Company has decided to provide all staff with a special payment to compensate fully for the salaries forgone under the One Day No Pay Leave Per Month Programme launched in 2003 during SARS.

Total staff strength

MTR's skilled and motivated workforce continued to deliver more despite lower staff level.

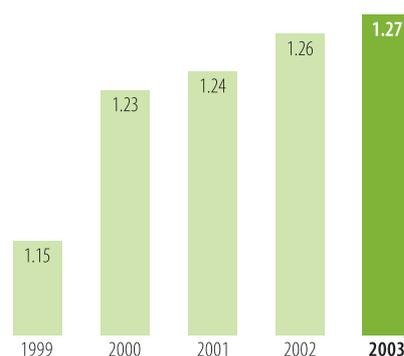
Number of staff



Staff productivity – fare revenue per operating railway staff

Productivity again showed improvements in 2003.

\$ million



Talent development

The Company's extensive training programmes continued to contribute effectively to motivating our workforce by providing opportunities for further professional development. A total of 47,688 man-days of training were conducted during the year. Our success in staff development was confirmed by the numerous international training awards received during the year, including the ASTD BEST Award from the American Society for Training and Development for demonstration of "Building talent Enterprise-wide for business Success with a Through-and-through learning culture".

Through comprehensive and effective training, we continue to ensure our staff and contractors are well-equipped with the required professional skills and competencies. Training was successfully planned and completed for Nam Cheong Station, and training consultancies for overseas metros including Shenzhen Metro, Bangkok Metro and Tianjin Binhai Metro, were secured and implemented during the year.

Leadership development was strengthened by the New Horizon for Leaders Programme for junior managers and senior supervisors in addition to the Accelerated Development Programmes. The programme will be rolled down to junior supervisors in 2004 to develop their leadership capability.

Specific training, including "just-in-time" training in Putonghua which is available on demand and based on flexible schedule for front line staff and ongoing customer service training, was also put in place. This will allow the Company to derive maximum revenue benefit from new developments such as the easing of restrictions on individual travellers from Mainland China.

Code of conduct

MTR has been continuously advocating a high level of integrity among employees as part of our efforts to strengthening corporate governance and promote sustainability. In this connection, the Code of Conduct which was first published in 2002 will be updated in the near future to ensure compliance with all new standards of corporate governance. In addition, the Corporate Guidebook for All Staff on Code of Conduct will be published to supplement the Code of Conduct and provide more specific guidelines on employee behaviour.