Human Resources

The Company's success has been built on the commitment, caring service and professionalism of our staff. The Rail Merger created a significant opportunity for us to achieve "One Company, One Team".

During 2007, one of our top priorities was to prepare for the enlarged post-Rail Merger company and the key challenge was to maintain a stable workforce for the period leading up to the Appointed Day while also ensuring that staff resourcing for our growth business remained uninterrupted.

An internal newsletter was published regularly to give information on major milestones and merger issues, and staff were kept abreast of progress through various channels. A series of Cultural Integration Programmes was also launched for over 12,000 staff.

The Company takes its commitment to the community seriously. During the year, 86 activities were organised involving the elderly, the physically and mentally challenged, underprivileged children and families. In recognition of the Company's contributions to society, we were again awarded the Caring Company Logo 2007/08.

2007 was a particularly intensive year for the provision of training for the challenges of a new era. A series of training courses was organised to cultivate a mutual support working culture. Several major initiatives were undertaken to develop management talents. We trained 2,000 senior and junior supervisors in empathetic listening and conducted a series of seminars on doing business in China for senior supervisors.

In the CoMET Staff Exchange Programme, two senior supervisory staff were selected for a six-month secondment to London Underground in order to acquire experience of working in a country with a different culture and to benchmark best practices in their respective functional areas.

We continued to provide proactive training support to overseas projects such as Shenzhen Metro Line 4, Beijing Metro Line 4 and external consultancy. To support the new franchise of London Overground, we have stepped up resourcing efforts for the timely mobilisation of manpower.

To develop local metro industry talents in the Mainland of China, the Company signed cooperation agreements with Beijing Communication School in December to co-run a Training Centre to train quality personnel for the metro industry.

Financial Review

Review of 2007 Financial Results

Profit and Loss

Total revenues for 2007 increased by 12.0% to HK$10,690 million driven by the strong Hong Kong economy, continued expansion of our businesses and the Rail Merger effect from 2 December to the year end.

Fare revenue from Domestic Service (including KCR Lines after the Rail Merger) increased by 5.1% in 2007 to HK$6,213 million as a result of a 5.7% growth in patronage to 915.8 million and 0.6% decrease in average fare to HK$6.78. Fare revenue from Airport Express increased by 7.0% to HK$655 million with patronage growth of 6.3% to 10.2 million and average fare increasing 0.8% to HK$64.34. The Cross-boundary, Light Rail, Intercity and Bus services, which were part of the Rail Merger, contributed total revenue of HK$247 million and patronage of 22.4 million. Total fare revenues for the Company therefore increased by 9.1% to HK$7,115 million.

Revenues from station commercial and rail related businesses increased by 12.9% in 2007 to HK$1,741 million. With the Rail Merger and riding on the growing economy and increased patronage, revenues from advertising and station retail rose by 11.0% to HK$593 million and 27.6% to HK$499 million respectively. However, income from telecommunications decreased by 10.0% to HK$233 million. Consultancy income decreased slightly by 3.0% to HK$193 million.

Rental, management and other revenues increased by 24.3% in 2007 to HK$1,834 million, comprising HK$1,749 million of property rental and management income and HK$85 million of revenues from Ngong Ping 360. With the continued increase in rental rates, the opening of Phase 1 of Elements at Kowloon Station and Ginza Mall in Beijing, the expansion of our property management portfolio and the Rail Merger effect, property rental and management income recorded a strong growth of 23.9%.