

Building Connections to

ENHANCE YOUR QUALITY OF LIFE





Hong Kong Passenger Services



Our passenger services in Hong Kong are among the best in the world.

Our Hong Kong fare revenue, including both rail and bus passenger services, was HK\$11,498 million in 2009, an increase of 0.3% over 2008.

Patronage

For the year as a whole, total patronage for all of our rail and bus passenger services in Hong Kong increased by 1.4 % to 1,506.6 million as compared to last year.

Our Domestic Service, comprising the Kwun Tong, Tsuen Wan, Island, Tung Chung, Tseung Kwan O, East Rail (excluding Cross-boundary Service), West Rail, Ma On Shan and Disneyland Resort lines, recorded total patronage of 1,218.8 million for 2009, an increase of 1.1% when compared with 2008, partly due to the opening of the LOHAS Park Station on 26 July 2009 and Kowloon Southern Link on 16 August 2009. Average weekday patronage for the Domestic Service in 2009 was 3.5 million, which represents an increase of 0.9 % over 2008.

For the Cross-boundary Service at Lo Wu and Lok Ma Chau, patronage was 94.0 million for 2009, representing an increase of 0.7% when compared with 2008 as a result of the growth in cross-boundary traffic.

42.6% Share of Franchised Public Transport Market
in 2009

3.5 Million Average Weekday Patronage
For Domestic Services in 2009

HK\$7.63 Average Fare
Per Passenger for All Services in 2009

99.9% Passenger Journeys on Time





Passengers using the Airport Express fell by 6.9% to 9.9 million in 2009 due to a decrease in air travellers as a result of the human swine influenza and the economic downturn.

Passenger volume on Light Rail, Bus and Intercity was 183.9 million in 2009, an increase of 4.7% compared with 2008.

Overall, average weekday patronage for all rail and bus passenger services in Hong Kong was 4.3 million in 2009.

Our overall share of the franchised public transport market rose from 42.0% for 2008 to 42.6% for 2009. Our share of cross-harbour traffic rose to 64.0% in 2009 from 63.4% in 2008 whilst our market share in the Cross-boundary business declined to 55.3% in 2009 from 56.2% in 2008 due to increased competition.

- **Our overall share of the franchised public transport market rose from 42.0% for 2008 to 42.6% for 2009.** ■

Over 99.8% Train Service Delivery

**HK\$4.01
Operating Costs
Per Passenger**
for All Services in 2009



Hong Kong Passenger Services



LOHAS Park Station opened for service in July 2009.

Fare Revenue

Total Hong Kong fare revenue in 2009 was HK\$11,498 million, which represents an increase of 0.3% over 2008.

Fare revenue in 2009 from Domestic Service was HK\$7,986 million, which represents an increase of 0.7% over last year with average fare per passenger decreasing by 0.4% to HK\$6.55 due to the full year impact of extending student half fares to the East Rail, West Rail and Ma On Shan lines in September 2008.

Fare revenue on Cross-boundary Service was HK\$2,327 million in 2009, which represents an increase of 1.9% when compared with 2008. Fare revenue from Airport Express was HK\$617 million in 2009, which represents a decrease of 8.3% over 2008.

In our Cross-boundary Service, average fare per passenger was HK\$24.75 in 2009, an increase of 1.2% when compared with 2008, whilst for the Airport Express, average fare per passenger decreased by 1.6% to HK\$62.48 mainly due to changes in passenger mix.

The first application of the Fare Adjustment Mechanism took place in July 2009. In accordance with the agreed methodology, the calculated fare increase of 0.7%, based on the change in the Composite Consumer Price Index and Transport Wage Index in 2008, was below the trigger point $\pm 1.5\%$ required for a fare adjustment. Hence fares were not changed and the 0.7% will be carried forward to the fare adjustment calculation in 2010.

Service Promotions

Our customers are at the centre of all our activities. In order to meet their increasingly high service expectations and generate incremental patronage growth as well as to enhance brand awareness and loyalty, the Company continues to launch well-targeted and innovative service promotions.

In April, a new branding campaign "caring for life's journeys" was launched, showcasing the Company's long-held values of quality and caring customer service for each of our passengers on their life's journeys. The campaign was complemented by "Train' for life's journeys"; a two-week training programme provided free for 100 Form 5 graduates in cooperation with the School of Continuing

and Professional Studies of the Chinese University of Hong Kong, which was aimed at enhancing participating students' communication, team-building and leadership skills.

Ticket promotions continued to enhance customer loyalty. Souvenir ticket sets featuring favourite characters from the popular Dr Slump and Dragonball cartoon series were introduced in March, much to the delight of both young and old fans. The success of this promotion was followed by the launch of a "Doraemon Miracle Gadget" ticket set in June featuring Doraemon and friends enjoying a fun journey at Choi Hung Station. To support the Hong Kong Summer Spectacular 2009 organised by the Hong Kong Tourism Board, a tailor-made "MTR Summer Super Value Pack" consisting of 16 shopping and dining offers was distributed to tourists purchasing either an MTR Day Pass or Airport Express Travel Pass. Also during the summer, Airport Express launched group ticket promotions in partnership with the movie "Transformers: Revenge of the Fallen".

A number of initiatives underlined the Company's commitment to building a better community and appreciating Hong Kong's

■ **Total Hong Kong fare revenue in 2009 was HK\$11,498 million, which represents an increase of 0.3% over 2008.** ■

heritage. In the "Art in MTR" series, over 40 winning entries from the 30th International Children's Drawing Competition with the theme "Better Environment, Better Life" were displayed at Sheung Wan Station. An exhibition entitled "MTR – Part of Our Lives" was held at Tai Po Market Station to honour the station's important place in the community and to share images and emotions from both the past and present. A similar nostalgic journey was celebrated at Wan Chai Station, with both platforms turned into memory lanes of old Wan Chai in a new "History Alive – Hong Kong Journeys" community initiative.

In addition to the 26 popular fare saver machines for domestic travellers, cross-boundary passengers can also enjoy discounts for their travel in Hong Kong by using the two new fare saver machines installed at Shenzhen Metro Fu Tian Kou An Station and the restricted area of Hung Hom Station Intercity Through Train Arrival Hall. Other fare promotions included one-year extension of the Sheung Shui-East Tsim Sha Tsui Monthly Pass and Tuen Mun-Nam Cheong Monthly Pass, along with free MTR Bus and Light Rail transfer for passengers using West Rail Line and Light Rail, and the introduction of Tuen Mun-Hung Hom Monthly Pass in August.

Service Performance

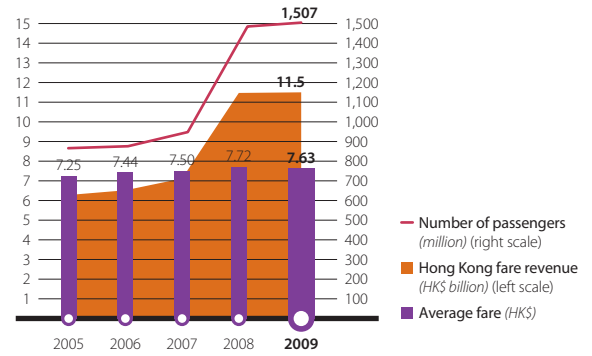
Passenger safety, comfort and service reliability have been the cornerstone of our passenger service since our founding. In an era of rapid expansion and development of our network, we have continued with our strong commitment to a culture of continuous improvement.



A contented family after a day out on our trains.

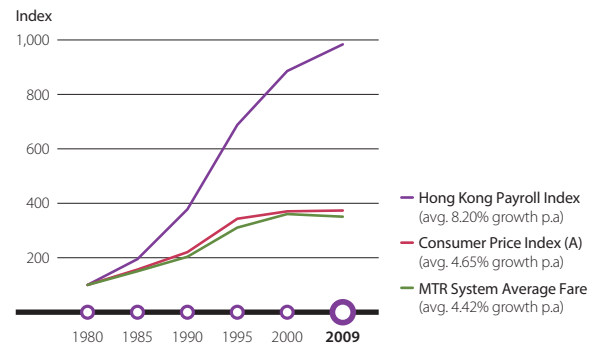
Passengers and Fares (Hong Kong Passenger Services)

Total fare revenue and patronage rose.



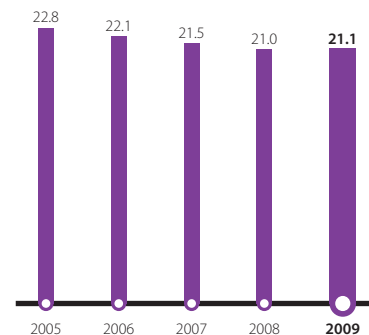
Fare Trend

In recent years, MTR fares have consistently lagged wage growth but were in line with the long-term changes in consumer prices in Hong Kong.



Operating Costs Per Car-km Operated for Hong Kong Passenger Services

Operating costs per car-km were maintained at a low level. (HK\$)

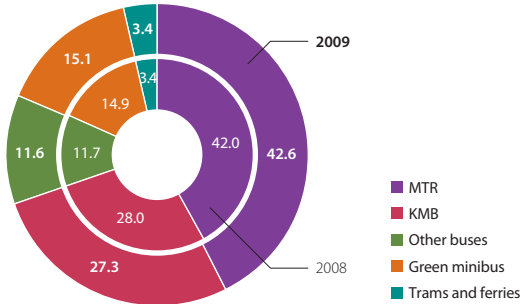


Hong Kong Passenger Services

Market Shares of Major Transport Operators in Hong Kong

The Company's overall market share increased from 42.0% in 2008 to 42.6% in 2009.

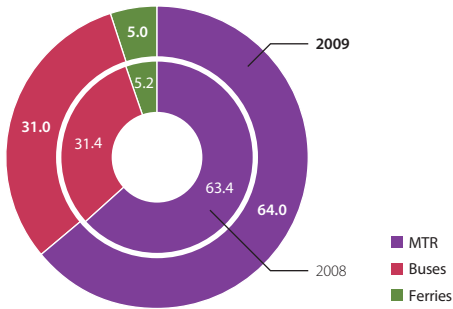
(Percentage)



Market Shares of Major Transport Operators Crossing the Harbour

The Company's market share of cross-harbour traffic rose to 64.0%.

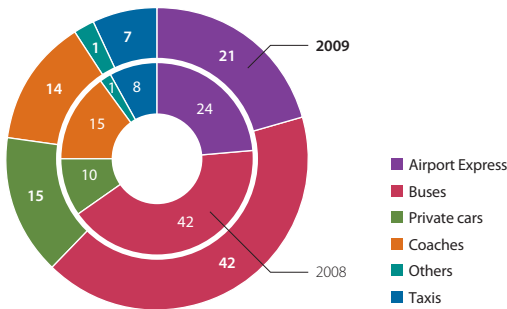
(Percentage)



Market Shares of Major Transport Operators to/from the Airport

The proportion of people travelling to and from the Hong Kong International Airport on the Airport Express decreased.

(Percentage)

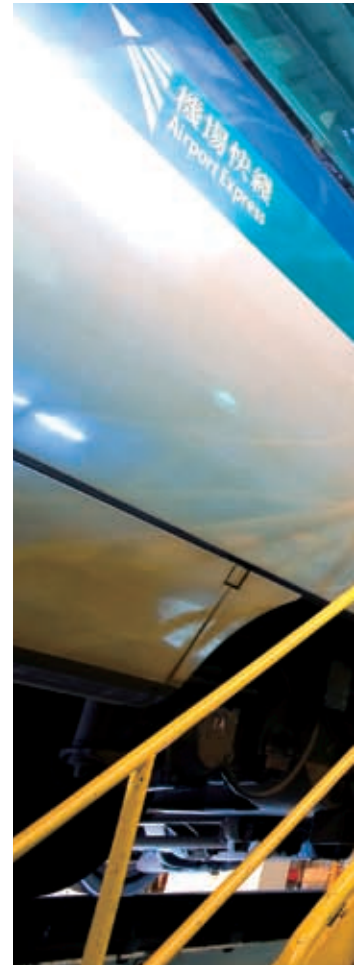


We exceeded all the performance levels required by Government and our own more stringent Customer Service Pledges targets in 2009. Train service delivery, passenger journeys on time and train punctuality were at 99.7% level or above.

A month-long train door and escalator safety campaign was launched in May, aimed at educating passengers not to block train doors or rush into a train when train doors are closing, to stand behind the yellow line, and to hold the handrail and stand firm when travelling on escalators. Beginning in September, two pairs of eye-catching green footprints were prominently displayed on escalator steps of three selected escalators in Tai Koo Station, Causeway Bay Station and Lam Tin Station as part of a trial programme to guide passengers to stand safely when riding on escalators. Other safety promotions included a bi-monthly campaign together with the Police to educate the public on the safe way of crossing the Light Rail tracks. This was supported by the launch of a "You can make it a safe Light Rail journey" exhibition, in which children from the Northwest New Territories helped promote safety on Light Rail to all passengers through creative drawings.

Customer satisfaction recorded by our regular surveys remained at high levels during the year. In 2009, the Service Quality Index for the Domestic/Cross-boundary services and Airport Express stood at 70 and 82 respectively (2008: 71 and 82 respectively), while the Fare Index of the two segments, which measures the level of satisfaction of customers with our fares, stood at 61 and 63 respectively (2008: 61 and 64 respectively). In the benchmarking performed by the 12-member international Community of Metros (CoMET) for 2008, we maintained our leading position in the areas of customer service, service reliability, business performance and safety.

The high level of achievement reached by our service performance was once again recognised by our winning of a broad spectrum of awards, including the Gold Award in The Hong Kong Association for Customer Service Excellence Limited's "Customer Service Excellence Award – Grand Award 2008" and "Top Service Award – Category Award of Public Transportation" presented by Next Magazine. Our performances in environmental



protection and Corporate Social Responsibility were recognised as outstanding by the judges of the “Prime Awards for Eco-Business 2009” and the “Corporate Social Responsibility Award” presented by Prime magazine and East Week magazine respectively. Our marketing campaign, “Rail Merger Campaign – The Unprecedented Marketing Challenge” won Gold Prize in the HKMA/TVB Awards for Marketing Excellence 2009. We also received the “Prime Award for Brand Excellence 2009 – Transportation” from Prime magazine for our outstanding corporate culture, corporate image and brand development.

Service Improvements

We continue to make improvements to our services and network infrastructure to enhance our role as the leading public transport operator in Hong Kong.

To meet passenger demand and enhance comfort following the opening of the Kowloon Southern Link, 22 new Light Rail Vehicles had been ordered and the first two vehicles were put

■ **The high level of achievement reached by our service performance was once again recognised by our winning of a broad spectrum of awards** ■

into service in December. In addition, 15 new double deck buses entered into service in August to replace retired vehicles. To enable customers to have a more comfortable and enjoyable journey, refurbishment of the interior of all Airport Express trains was completed in mid 2009, and all seat cushions and carpets were replaced. To further upgrade customer service and asset performance, the contract for the mid-life refurbishment of the Light Rail Phase I vehicles was awarded in the fourth quarter of 2009 and the work is targeted for completion in 2015. One of



Our maintenance programmes ensure safe and reliable journeys for our passengers.

Hong Kong Passenger Services



We carry passengers rapidly between work and home.

the two multi-purpose compartments on the Beijing-Kowloon Through Train was modified in August to become more spacious and accessible for wheelchair passengers.

The renovations under the Station Commercial Opportunity projects at Mong Kok, Prince Edward and Mong Kok East stations were completed in October, and refurbishing of Tsing Yi Station was finished in December. Station ambience enhancements

were completed at all East Rail stations and the floor tiles at Cheung Sha Wan, Kowloon Tong and Sheung Wan stations were also replaced. In order to further improve customer service, the footbridges at Po Lam Station were renovated with air-conditioning in late 2009 and a wide gate was installed at each of the East Rail Line stations (except Racecourse Station) by November to improve accessibility for wheelchair users. New integrated entrances were opened at Olympic, Tsim Sha Tsui, Tuen Mun and Tsing Yi stations.

An unfolding series of "Art in MTR" projects was completed to enhance the travelling environment in the MTR and to give our customers a moment to relax and reflect on works of imagination. As part of the initiative,

an Art in Station Architecture programme was launched in February with "The Grace of the Ballerinas", a collection of three bronze sculptures, followed by a floating "Spider Web" in Lai King Station in August to remind passengers of the cycle of nature. In October, "Climbing Up", a bronze sculpture of a giant book, was launched in Tin Shui Wai Station to inspire students to achieve their goals.

Our Operations Control Centre in Tsing Yi monitors train operations.



We continue to provide additional value-added services for our frequent travellers. Following Wi-Fi coverage becoming fully available on all Airport Express trains in January, we extended 3G mobile phone coverage to all stations and tunnels on the line while also facilitating public Wi-Fi connectivity in 32 stations on the network, including all Airport Express stations.

To capture the opportunities arising from the renewed influx of tourists, a new MTR Travel shop opened at Hung Hom Station offering a wide variety of tourist products including MTR tickets and tourist travel passes. The first licensed train sets with Takara TOMY were successfully launched in December in Hong Kong and Southeast Asian countries, increasing our brand exposure and customer loyalty in both local and overseas markets.

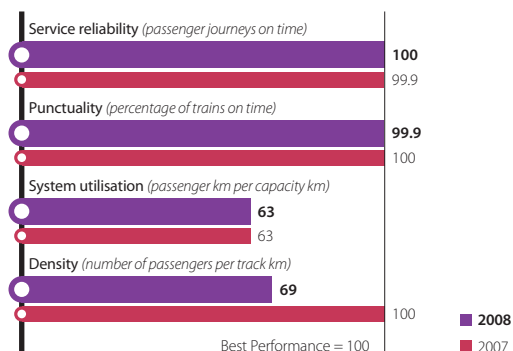
Access to the Network for the Disabled

The Company continues to invest its resources to ensure the integration and standardisation of facilities across the network for passengers with disabilities. During the year, external passenger lifts at Tai Wo Hau Station and full length tactile guide paths were launched for all stops on the Light Rail network and portable ramps were launched in all West Rail stations in May. Light Rail Platforms have been equipped with a Portable Card Processor with Voice Function to assist visually impaired passengers. In each station on East Rail, Ma On Shan and West Rail lines, an Audible Octopus Card reading function has been added to the exit gate connected to the tactile guide path. Also, for each of the East Rail Line stations (except Racecourse Station), a wide gate has been added to facilitate barrier free access for disabled passengers.

Benchmarking Comparisons

MTR Corporation maintained its strong position, particularly in service reliability, against international benchmarks.

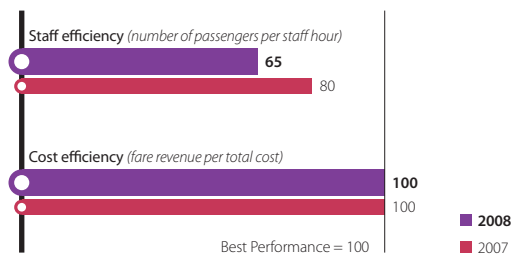
MTR performance vs. Best Performance



Staff Efficiency and Cost Efficiency

New initiatives continue to be introduced to enhance operating efficiency.

MTR performance vs. Best Performance



Hong Kong Passenger Services



Our spacious and clean stations provide total convenience, comfort and safety.

Human Swine Influenza

The human swine influenza pandemic continues to pose a threat to public health. In response to the serious alert from May to July 2009, the Company took extensive measures to educate both customers and staff about taking precautions and implemented a series of risk mitigation initiatives. These included enhanced procedures to ensure the maintenance of a hygienic environment, the provision of personal protective equipment and the establishment of a command team responsible for monitoring and managing the situation.

Productivity

Improvement in efficiency and productivity remained a top priority for the Company in 2009. Over the past five years, we have successfully reduced our energy consumption by 18.2% from 5.94 kWh per revenue car-km in 2005 to 4.86 kWh in 2009, which is mainly attributable to the implementation of various energy saving initiatives such as the replacement of motor-

alternators with static inverters for our trains, optimisation of train regulation, and optimisation of station environmental control systems. Overall, the operating costs per car-km were reduced by 7.5% from HK\$22.8 in 2005 to HK\$21.1 in 2009. Our staff productivity has also shown continuous improvement, with turnover per operating railway employee increasing from HK\$1.52 million in 2005 to HK\$1.62 million in 2009. Our environmental performance benefited from the replacement of diesel-powered locomotives with electric-powered locomotives on certain Guangzhou-Kowloon Through Trains.

Further improvements in performance were achieved through various productivity improvement initiatives, including rationalisation of manpower, alternative sourcing of spares, and streamlining work processes.

The Company plans to replace the conventional fluorescent tube used for Urban Line train saloon lighting with energy saving and environmentally friendly LED lighting. Pre-qualification of tenders has been completed and the projects will be completed in 2013.

■ System and Market Information

Railway operation data	2009		2008	
Total route length (km)	218.2		211.6	
Number of rail cars	1,921		1,919	
Number of stations (Island Line, Tsuen Wan Line, Kwun Tong Line, Tseung Kwan O Line, Tung Chung Line, Disneyland Resort Line, West Rail Line, Airport Express Line, East Rail Line and Ma On Shan Line)	84		82	
Number of Light Rail stops	68		68	
Number of e-instant Bonus machines in stations	36		31	
Number of station kiosks and mini-banks in stations	1,228		1,186	
Number of advertising points in stations	20,742		20,539	
Number of advertising points in trains	26,823		26,619	
Daily hours of operation				
Island Line, Tsuen Wan Line, Kwun Tong Line, Tseung Kwan O Line, Tung Chung Line, Disneyland Resort Line, West Rail Line, Airport Express and Light Rail	19.0		19.0	
East Rail Line and Ma On Shan Line	19.5		19.5	
Minimum train headway (second)	Morning Peak	Evening Peak	Morning Peak	Evening Peak
– Tsuen Wan Line	128	130	128	130
– Kwun Tong Line	128	144	128	144
– Island Line	120	150	120	150
– East Rail Line				
Hung Hom to Sheung Shui	212	212	212	212
Hung Hom to Lo Wu	327	327	327	327
Hung Hom to Lok Ma Chau	600	600	600	600
– Ma On Shan Line	180	240	180	240
– Tseung Kwan O Line	160	180	160	180
– Tung Chung Line				
Hong Kong to Tung Chung	360	480	360	480
Hong Kong to Tsing Yi	240	240	240	240
– Airport Express	720	720	720	720
– West Rail Line	180	270	210	270
– Disneyland Resort Line	270	270	270	270
– Light Rail	270	300	270	300

■ International Performance Comparisons: The 12-member Community of Metros (CoMET)

Metro system network data (2008)	MTR *	Metro A	Metro B	Metro C	Metro D	Metro E	Metro F	Metro G	Metro H	Metro I	Metro J	Metro K
Passenger journeys (million)	1,299	447	1,103	1,467	689	2,573	1,629	1,526	483	643	745	684
Car kilometres (million)	246	113	481	344	202	734	559	240	105	105	129	109
Route length (km)	168	144	439	201	275	292	480	215	115	86	174	61
Number of stations	80	170	270	147	241	161	424	300	66	85	113	55

* For the 2008 data, the Lines included in the CoMET metro benchmarking programme are Kwun Tong Line, Tsuen Wan Line, Island Line, Tung Chung Line, Tseung Kwan O Line and Disneyland Resort Line, East Rail Line, Ma On Shan Line and West Rail Line. The Airport Express is excluded from the benchmarking.

Note: The other metros in the comparison are Berliner Verkehrsbetriebe, London Underground Limited, New York City Transit, Sistema de Transporte Colectivo, Régie Autonome des Transports Parisiens Metro, Régie Autonome des Transports Parisiens Réseau Express Régional, Metropolitano de São Paulo, Moscow Metro, Metro de Madrid, Metro de Santiago and Shanghai Metro Operation Corporation. The benchmarking agreement prohibits specifically identifying the data by metro system.

Hong Kong Passenger Services

Operations Performance in 2009

Service performance item	Performance Requirement	Customer Service Pledge Target	Actual Performance
Train service delivery			
– Kwun Tong Line, Tsuen Wan Line, Island Line, Tseung Kwan O Line, Tung Chung Line, Disneyland Resort Line and Airport Express	98.5%	99.5%	99.8%
– East Rail Line (including Ma On Shan Line)	98.5%	99.5%	99.9%
– West Rail Line	98.5%	99.5%	99.9%
– Light Rail	98.5%	99.5%	99.9%
Passenger journeys on time			
– Kwun Tong Line, Tsuen Wan Line, Island Line, Tseung Kwan O Line, Tung Chung Line and Disneyland Resort Line	98.5%	99.5%	99.9%
– Airport Express	98.5%	99.0%	99.9%
– East Rail Line (including Ma On Shan Line)	98.5%	99.0%	99.9%
– West Rail Line	98.5%	99.0%	99.9%
Train punctuality			
– Kwun Tong Line, Tsuen Wan Line, Island Line, Tseung Kwan O Line, Tung Chung Line and Disneyland Resort Line	98.0%	99.0%	99.7%
– Airport Express	98.0%	99.0%	99.9%
– East Rail Line (including Ma On Shan Line)	98.0%	99.0%	99.9%
– West Rail Line	98.0%	99.0%	99.9%
– Light Rail	98.0%	99.0%	99.9%
Train reliability: train car-km per train failure causing delays \geq5 minutes			
– Kwun Tong Line, Tsuen Wan Line, Island Line, Tseung Kwan O Line, Tung Chung Line, Disneyland Resort Line and Airport Express	N/A	500,000	1,926,928
– East Rail Line (including Ma On Shan Line) and West Rail Line	N/A	500,000	2,636,479
Ticket reliability: magnetic ticket transactions per ticket failure			
– Kwun Tong Line, Tsuen Wan Line, Island Line, Tseung Kwan O Line, Tung Chung Line, Disneyland Resort Line, Airport Express, East Rail Line (including Ma On Shan Line) and West Rail Line	N/A	8,000	21,549
Add value machine reliability			
– Kwun Tong Line, Tsuen Wan Line, Island Line, Tseung Kwan O Line, Tung Chung Line, Disneyland Resort Line and Airport Express	98.0%	99.0%	99.5%
– East Rail Line (including Ma On Shan Line)	98.0%	99.0%	99.8%
– West Rail Line	98.0%	99.0%	99.9%
– Light Rail	N/A	99.0%	99.8%
Ticket machine reliability			
– Kwun Tong Line, Tsuen Wan Line, Island Line, Tseung Kwan O Line, Tung Chung Line, Disneyland Resort Line and Airport Express	97.0%	99.0%	99.5%
– East Rail Line (including Ma On Shan Line)	97.0%	99.0%	99.6%
– West Rail Line	97.0%	99.0%	99.7%
– Light Rail	N/A	99.0%	99.9%

■ Operations Performance in 2009 (continued)

Service performance item	Performance Requirement	Customer Service Pledge Target	Actual Performance
Ticket gate reliability			
– Kwun Tong Line, Tsuen Wan Line, Island Line, Tseung Kwan O Line, Tung Chung Line, Disneyland Resort Line and Airport Express	97.0%	99.0%	99.8%
– East Rail Line (including Ma On Shan Line)	97.0%	99.0%	99.9%
– West Rail Line	97.0%	99.0%	99.7%
Light Rail platform Octopus processor reliability	N/A	99.0%	99.9%
Escalator reliability			
– Kwun Tong Line, Tsuen Wan Line, Island Line, Tseung Kwan O Line, Tung Chung Line, Disneyland Resort Line and Airport Express	98.0%	99.0%	99.9%
– East Rail Line (including Ma On Shan Line)	98.0%	99.0%	99.9%
– West Rail Line	98.0%	99.0%	99.9%
Passenger lift reliability			
– Kwun Tong Line, Tsuen Wan Line, Island Line, Tseung Kwan O Line, Tung Chung Line, Disneyland Resort Line and Airport Express	98.5%	99.5%	99.7%
– East Rail Line (including Ma On Shan Line)	98.5%	99.5%	99.8%
– West Rail Line	98.5%	99.5%	99.8%
Temperature and ventilation			
– Trains, except Light Rail: to maintain a cool, pleasant and comfortable train environment generally at or below 26°C	N/A	97.0%	99.9%
– Light Rail: on-train air-conditioning failures per month	N/A	<3	0.2
– Stations: to maintain a cool, pleasant and comfortable environment generally at or below 27°C for platforms and 29°C for station concourses, except on very hot days	N/A	90.0%	99.8%
Cleanliness			
– Train compartment: cleaned daily	N/A	98.5%	99.9%
– Train exterior: washed every 2 days (on average)	N/A	99.0%	100%
Northwest Transit Service Area Bus Service			
– Service Delivery	N/A	99.0%	99.7%
– Cleanliness: washed daily	N/A	99.0%	99.9%
Passenger enquiry response time within 6 working days	N/A	99.0%	100%