

In Shenzhen, the Concession Agreement for the Shenzhen Metro Line 4 (SZL4) Build-Operate-Transfer (BOT) project was signed in March 2009 with the Shenzhen Municipal Government. By the end of 2009, approximately 93% of civil works for the 16-km SZL4 Phase 2 were finished and all electrical and mechanical contracts were awarded.

In Shenyang, a Concession Agreement was signed in May 2009 with Shenyang Metro Group Company Limited and Shenyang Municipal Government for the operation and maintenance of the 50-km Shenyang Metro Lines 1 and 2 for a term of 30 years.

On 4 March 2010, our subsidiary, MTR Hangzhou Line 1 Investment Company Limited, together with a subsidiary of Hangzhou Metro Group Company Limited, entered into a Concession Agreement with Hangzhou Municipal Government

for a Public-Private-Partnership (PPP) project for the investment, construction and operations of the Hangzhou Metro Line 1 for a term of 25 years. The Concession Agreement is subject to approval by relevant authorities in the Mainland.

Overseas

We continue to develop our "asset light" strategy overseas. In the UK, our 50:50 joint venture, LOROL, brought an ongoing series of service improvements to the London Overground. In Sweden, we took over the operations of the Stockholm Metro for eight years beginning on 2 November 2009. In Australia, our 60% owned subsidiary signed an agreement with the State of Victoria on 31 August 2009 for the operation and maintenance of the Melbourne metropolitan train network for an initial period of eight years beginning on 30 November 2009.

Human Resources

Our people are the key to our success both now and in the future. The aim of all our manpower resourcing, staff development, knowledge management and employee volunteering projects is to nurture both our staff and the community they serve.

In view of the significant manpower needs in the coming years arising from the anticipated growth of our businesses both in Hong Kong and overseas as well as succession planning, we continued with proactive planning and recruitment through the establishment of an integrated manpower resourcing mechanism. In order to support our business expansion in the Mainland of China in 2009, we launched a Mainland Graduate Engineer Scheme and a Mainland Operating Management Associate Scheme.

Supporting the health, quality of life and environment of the people of Hong Kong has long been one of the Company's key priorities. During the year, our colleagues took part in 167 volunteering projects involving the elderly, the physically and mentally challenged, young people and families in need, as well

as the environment. In recognition of the Company's excellent performance in contributing to society, we received three Caring Company Logos from the Hong Kong Council of Social Service.

With the Corporation's expansion plans both in Hong Kong and offshore, proactive people development continues to be a vital element to sustain the Company's business growth. During the year, a full range of railway and safety training was implemented successfully and in a timely manner for the opening of LOHAS Park Station, Austin Station in Hong Kong and BJL4 in Beijing.

A number of international and local professional associations extended their recognition of our strong performance in training and development. These recognitions included an American Society for Training and Development (ASTD) BEST Award, in which the Company finished first in Asia Pacific, second among 93 global competing entries, and was the only transportation company on the list. The Company also won an ASTD Excellence in Practice Award, a Gold Prize in the Hong Kong Management Association (HKMA) Award for Excellence in Training, and the Hong Kong Most Admired Knowledge Enterprise (MAKE) Award.