

**No Adjustment of MTR Fares in 2017/18 with
3% Rebate for Every Octopus Trip for Six Months**

Following the announcement by the Government Census and Statistics Department today (27 March 2017) that the year-on-year increase in the Nominal Wage Index (Transportation Section) for December 2016 was 3.3%, the calculated Overall Fare Adjustment Rate for 2017/18 comes to +1.49%. As this is within the range of $\pm 1.5\%$, according to the Fare Adjustment Mechanism (FAM), the adjustment rate will be rolled over to the following year (2018/19). Hence, there will be no adjustment of MTR fares in 2017/18.

As announced by MTR Corporation on 21 March 2017 after conclusion of the early review of the FAM, after applying the FAM formula, the adjustment rate in 2017/18 will be further adjusted by (i) a special annual adjustment of -0.6 percentage points outside of the FAM formula, and (ii) a further reduction by 10%. As a result, the calculated Overall Fare Adjustment Rate comes to +1.49%. (See Appendix)

"With fares remaining unchanged in 2017/18, some 5 million passengers travelling with Octopus will be able to enjoy lower MTR fares through the 3% rebate to be offered by the Corporation for six months starting from mid-June," said Jeny Yeung, Commercial Director of MTR Corporation.

To benefit MTR passengers, starting from 18 June 2017, a 3% rebate will be offered for every Octopus trip for six months till 17 December 2017. The Corporation will top up the concession amount set aside in accordance with the enhanced Profitability-Linked Arrangement and Service Performance-Linked Arrangement in order to implement this new measure which will benefit customers on every trip.

In addition, the prices of the existing five types of "Monthly Pass Extra" and Tuen Mun – Nam Cheong Day Pass, as well as MTR City Saver will be kept unchanged, and the validity of MTR City Saver to be sold from 1 July 2017 will be extended from 30 days to 40 days counted from the day of first use. The "Early Bird Discount Promotion" Programme will also be extended for one year up to 31 May 2018. At the same time, the on-going fare concessions amounting to some \$2.5 billion outside of the FAM will continue.

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About MTR Corporation

MTR Corporation is regarded as one of the world's leading railway operators for safety, reliability, customer service and cost efficiency. In its home base of Hong Kong, the Corporation operates ten commuter railway lines, a Light Rail network and a high-speed Airport Express link on which about 5.6 million passenger trips are made on a normal week day. Another 5.6 million passenger trips are made on the rail services it operates outside Hong Kong in the Mainland of China, the United Kingdom, Sweden and Australia. In addition, the Corporation is involved in a range of railway construction projects as well as railway consultancy and contracting services around the world. Leveraging on its railway expertise, the Corporation is involved in the development of transit-related residential and commercial property projects, property management, shopping malls leasing and management, advertising media and telecommunication services.

For more information about MTR Corporation, please visit www.mtr.com.hk.

Calculation of 2017/18 Overall Fare Adjustment Rate:

1. Applying the FAM Formula

Year-on-year % change in Composite Consumer Price Index for December 2016	Year-on-year % change in Nominal Wage Index (Transportation Section) for December 2016	Productivity Factor #	Result of Applying FAM Formula
1.2%	3.3%	0%	
(1.2% × 0.5)	+	(3.3% × 0.5)	-
		0%	= +2.25%

#Note: A productivity factor of 0% will be used in the FAM formula for 2017/18 to 2022/23.

2. Final Calculation of 2017/18 Overall Fare Adjustment Rate

One-off 10% Discount (2017/18)	Result of Applying FAM Formula	Special Adjustment (for 2017/18 to 2022/23)	Calculated Overall Fare Adjustment Rate for 2017/18
0.9	x [+2.25%	- 0.6%] = +1.49%

3. Since the +1.49% is within the range of ±1.5%, the adjustment rate of +1.49% will be rolled over to 2018/19. The Affordability Linked Arrangement will be applicable.

4. Examples of fare reduction after 3% rebate

Adult Octopus trips of Domestic Line

- Admiralty - Ocean Park \$5.3 => \$5.1 (reduced by \$0.2)
- Tsuen Wan - Tsim Sha Tsui \$10.1 => \$9.7 (reduced by \$0.4)
- Yuen Long - Central \$27.0 => \$26.1 (reduced by \$0.9)

Adult Octopus trip of Light Rail

- Tuen Mun Ferry Pier – Tuen Mun \$4.8 => \$4.6 (reduced by \$0.2)