

CONTENTS

01	About this Report
02	From the Chief Executive Officer
04	About MTR Corporation
08	Management Discussions
12	Governance
13	<i>Merger Case Study</i>
16	<i>Commentary: Value Strategy</i>
18	Social Responsibility
20	<i>Commentary: Society's Challenge</i>
28	Environmental Stewardship
30	<i>Commentary: Response to Climate Change</i>
32	Basis of Reporting
33	Independent Assurance Report
34	Performance Data
36	Definitions

This Report covers the 2007 financial year for MTR Corporation*, the basis of reporting for which is on page 32. It marks our eighth year of reporting to stakeholders and other interested parties on our sustainable development journey. In this printed edition, we endeavour to present a balanced and inclusive review of the organisation's vision, footprint and management strategies in terms of our economic, social and environmental progress for the year. We extend discussions to cover MTR Corporation's Hong Kong and international centres, principally mainland China and Europe. Supplementing the information given, our sustainability website, www.mtr.com.hk/sustainability, covers our other markets and many of the activities, events and initiatives undertaken that put sustainability into action during the year.

Online Reporting

This is our fifth year in reporting under the Global Reporting Initiative (GRI) - 2002 Sustainability Reporting Guidelines. The 2007 GRI Content Index is posted online, and links to this printed Report and further discussions of particular indicators. A summary table for our 2001-2006 GRI Content Indices is available along with an additional table reviewing this year's environmental performance reported under the G3 Guidelines.

Webcasts

To facilitate an understanding of MTR Corporation's business case in sustainable development, the Sustainability Development Department has developed a series of webcasts that use audio and animated graphics to explain the selected models and drivers to our sustainable development. Amongst them are the Sustainable Competitive Advantage model, Enterprise Risk Management, stakeholder engagement, the Materiality Map and the Maturity Matrix. These can be accessed on our sustainability website.

Six Sustainability Drivers

- *Provide value for money to customers while delivering safe and environmentally sound rail and property services*
- *Pursue a business model that promotes long-term economic and financial viability for MTR Corporation*
- *Provide employees with a safe, healthy and caring work environment*
- *Develop and build environments that create quality living and working communities in Hong Kong and beyond*
- *Maintain ongoing stakeholder communications and build relations that seek to achieve common objectives*
- *Sustain environmental, health and safety standards in relationships with suppliers, contractors and business partners*

* 1 January to 31 December 2007 inclusive. The financial data captured in this Report includes audited data from the KCRC as of post-merger date 2 December 2007. The non-financial data captured includes data from the KCRC as of post-merger date 2 December 2007 and NP360 Cable Car, except page 9 and where indicated.