

MTR Corporation at a Glance

The size, scale and geographic coverage of the business activities of the Company have been significantly expanded as a result of the Rail Merger completed on 2 December 2007. Our share of the Hong Kong franchised public transport market has increased to 41.6% and our property land bank and rental portfolio have both been increased with the Rail Merger.



Railway Operations

Business Description

We operate a pre-dominantly rail based transportation system in Hong Kong, comprising Domestic and Cross-boundary services, a dedicated high-speed Airport Express and a light rail system, which in total stretches 211.6 kilometres with 82 stations and 68 stops. The Integrated MTR System is one of the most intensively used systems in the world, known for its reliability, safety and efficiency. We also provide intercity services to the Mainland of China as well as a bus operation in Hong Kong providing convenient feeder services.

Station Commercial and Rail Related Businesses

Business Description

We leverage our railway assets and expertise into additional businesses, including rental of station retail units (including Duty Free shops), advertising in trains and stations, telecommunications, rail consulting and freight services.

2007 Highlights

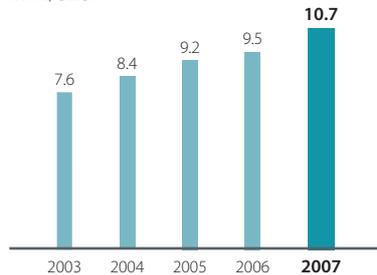
- Successfully completed the integration of two railway networks on the Appointed Day of 2 December, together with fare reductions with effect from that day
- Exceeded Performance Requirements under the pre-Rail Merger Operating Agreement and Customer Service Pledges and entered into a new post-Rail Merger Operating Agreement on Appointed Day
- Customer satisfaction levels for service quality and fares remained high
- Internationally received the Gold Asset Management Excellence Award and Steve Maxwell Leadership Award for outstanding railway asset management practices

2007 Highlights

- Renovations to commercial areas at nine stations were completed
- Replacement of seatback TV with new multimedia system in the Airport Express was completed
- New advertising formats including "Interactive Panel", "Shopping Guide Map" and "12-sheet Scrolling Units" were introduced to strengthen our market leadership position
- Advertising, station retail and telecommunications businesses included those of the KCR System after 2 December 2007, together with rental of space to Duty Free shops as well as freight services to Mainland China

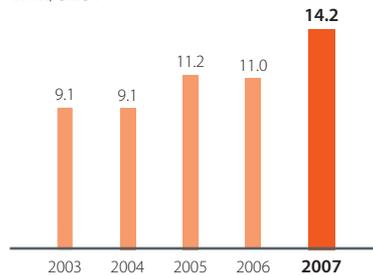
Turnover

in HK\$ billion



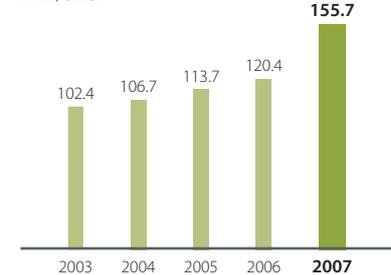
Operating Profit before Depreciation and Amortisation (after Property Development Profit)

in HK\$ billion



Total Assets

in HK\$ billion



Property and Other Businesses

Business Description

We develop mainly residential properties in conjunction with property developers. We own investment properties, principally shopping centres and offices, and manage our properties and others. Our investment portfolio includes 12 shopping centres and 18 floors of the Two International Finance Centre office tower.

Overseas Growth

Business Description

We continue our strategy to grow outside of Hong Kong by investing in urban rail networks in the Mainland of China, and pursuing "asset-light" operating concessions in European markets that are privatised or opening to new entrants.

2007 Highlights

- Tender of Area 56 of Tseung Kwan O awarded in February 2007 to a subsidiary of Sun Hung Kai Properties Limited
- Tender of Package Three of LOHAS Park awarded in November 2007 to a subsidiary of Cheung Kong (Holdings) Limited
- Elements Phase 1, our majority owned newest flagship shopping centre above Kowloon Station, opened on 1 October 2007
- Enlarged investment property portfolio with Elements and new intake of KCRC properties after the Rail Merger
- Opening of Ginza Mall in Beijing in January 2007

2007 Highlights

- Our joint venture with Laing Rail won the London Overground concession and successfully took it over on 11 November 2007
- Project progress and operational preparation of Beijing Metro Line 4 were satisfactory
- Training of 268 operations staff for Beijing Metro Line 4 commenced in September 2007 in cooperation with Beijing Communication School
- Preparatory work and expanded trial section work for Shenzhen Metro Line 4 continue while awaiting approval from the National Development and Reform Commission of Mainland China