



MTR Corporation Limited interim report 2001

Contents

1	Opening statement
2	Milestones and major events
3	Key figures
4	Map of operating network and extensions and potential projects
6	Chairman's statement and review of operations and results
11	Corporate governance and other information
13	Accounts
27	Independent review report to the Board of Directors of MTR Corporation Limited
28	Shareholder information



**VISION – MTR, Hong Kong’s
fast track to a world class city.**

**MISSION – To develop and
manage a world class railway
together with property and other
related businesses, to enhance
the quality of life in Hong Kong.**

January A new shareholders' agreement was signed for Creative Star Limited under which the previous non-profit making restriction was removed. MTR continues to be the majority shareholder of Creative Star.



February MTR successfully tapped the HK dollar debt market through a HK\$2.35 billion, 3-tranche fixed rate note issue on very fine terms, attracting strong subscription from fund managers, insurance companies and banks.

February The Company was selected as operations and maintenance consultant for the metro systems in Bangkok and Kao-shiung, signifying continued growth in our rail consultancy business.

March Refurbishment for all trains on the Island Line and the Tsuen Wan Line was successfully concluded. The train modernisation programme is well on the way to full completion by October 2001.



May MTR was presented with "The General Secretariat Award for Innovation in Public Transport" by the International Association of Public Transport (UITP) World Congress. MTR was the only Asian company to receive this honour.



May Installation of platform screen doors commenced at Choi Hung Station. The retrofitting of platform screen doors for all underground stations will be completed by 2006.

May The weekday evening peak service was enhanced for all three Urban Lines, providing greater convenience and a more comfortable travelling environment for our passengers.

June A ceremony was held at Tseung Kwan O Depot to mark the completion of all civil engineering works for the Tseung Kwan O Extension. This new MTR line is on schedule for public opening in late 2002.



June Effective 1 June, MTR shares were included as one of the constituent stocks in the Hang Seng Index as well as in the MSCI Provisional Index Series.



June The first trains for the Tseung Kwan O Extension were successfully tested in Changwon, South Korea. These are MTR's first Asia-built trains and will be delivered to Hong Kong later this year for testing and commissioning.

July MTR commenced operation and maintenance of the Automated People Mover at the Hong Kong International Airport.



July The tender for the Choi Hung Park and Ride Development was successfully awarded to Chun Wo Holdings Limited.

July The Olympian Tower, a 26-storey office tower located at the MTR Olympic Station, was sold to the Bank of China Group.

July A competitive project proposal was submitted to Government by the Company to build, operate and finance the Shatin to Central Link.

July The Company submitted to Government a proposal on the Island Line Extensions, comprising the North Island Line and the West Island Line, which are natural extensions of the MTR system.

July The Company submitted a competitive tender to construct and operate a cable car linking Tung Chung with Ngong Ping, the site of the Po Lin Monastery and the Big Buddha.

KEY FIGURES

Financial highlights (in HK\$ million)	Half-year ended 30 June 2001	Half-year ended 30 June 2000	%Increase/ (decrease)
Revenue			
Fare	2,795	2,766	1.0
Non-fare	911	902	1.0
Operating profit from railway and related operations before depreciation	2,022	1,953	3.5
Profit on property developments	827	746	10.9
Operating profit before depreciation	2,849	2,699	5.6
Profit attributable to shareholders	1,351	1,054	28.2
Total assets	94,512	92,565*	2.1
Loans, obligations under finance leases and bank overdrafts	29,231	27,203*	7.5
Shareholders' funds	51,457	50,355*	2.2
Financial ratios (in %)			
Operating profit from railway and related operations before depreciation as a percentage of turnover	54.6	53.2	2.6
Debt/equity ratio	56.8	54.0*	5.2
Interest cover (in times)	2.9	2.9	-
Share information			
Basic earnings per share (in HK\$)	0.27	0.21	28.6
Dividend per share (in HK\$)	0.14	n/a	n/a
Share price (in HK\$) (29/06/2001)	13.35	n/a	n/a
Market capitalisation (in HK\$ million) (29/06/2001)	66,995	n/a	n/a
Operations highlights			
Total passenger boardings (in millions)	375	381	(1.6)
Average number of passengers (in thousands)			
MTR Lines (weekday)	2,200	2,218	(0.8)
Airport Express Line (daily)	26	29	(10.3)
Fare revenue per passenger (in HK\$)			
MTR Lines	6.81	6.69	1.8
Airport Express Line	59.90	47.32	26.6
Proportion of franchised public transport boardings (in %)			
MTR	23.3	24.1	(3.3)
Cross harbour	56.9	58.2	(2.2)
Proportion of transport boardings travelling to/from the airport (in %)			
Airport Express Line	28	32	(12.5)

* As at 31 December 2000

operating network and extensions and potential projects



LEGEND

- Station
- Station with Depot
- ◻ Interchange Station
- Airport Express Line
- Tung Chung Line
- Kwun Tong Line
- Tsuen Wan Line
- Island Line

PROJECTS IN PROGRESS

- Penny's Bay Link
- Tseung Kwan O Extension

PROPOSED EXTENSIONS

- West Tung Chung Extension
- North Island Line
- West Island Line
- Shatin to Central Link

◻ Property Developments along Airport Railway

PROPERTIES DEVELOPED BY THE COMPANY

- | | |
|-------------------------------|--------------------------|
| 1 Telford Gardens | 11 Vicwood Plaza |
| 2 World-wide House | 12 Hongway Garden |
| 3 Admiralty Centre | 13 Perfect Mount Gardens |
| 4 Argyle Centre | 14 New Jade Garden |
| 5 Luk Yeung Sun Chuen | 15 Southorn Garden |
| 6 New Kwai Fong Gardens | 16 Heng Fa Chuen |
| 7 Sun Kwai Hing Garden | 17 Park Towers |
| 8 Fairmont House | 18 Heng Fa Villa |
| 9 Kornhill / Kornhill Gardens | 19 Felicity Garden |
| 10 Fortress Metro Tower | 20 Maritime Square |



we take an active role in the development of new regional centres along our railway lines to increase our patronage and profitability and to improve the lifestyle of our customers

MTR Corporation achieved a net profit for the six months ended 30 June 2001 of HK\$1,351 million, as compared with HK\$1,054 million for the same period last year. This result was achieved principally due to continuing tight operating cost control, lower interest costs and continued construction progress at our property developments along the Airport Railway.

Railway operations

The MTR Lines recorded total patronage of 370 million for the first half of 2001, down by 1.6% from 376 million for the same period last year. The average weekday patronage of 2.2 million was 0.8% below the same period last year. Our latest market share was 23.3% of total franchised public transport and 56.9% of cross-harbour trips, down slightly from the

respective figures of 24.1% and 57.9% as at the last year-end. During the latter part of this period, ridership was adversely affected by poor weather conditions with record rainfalls in June. In recent weeks we have begun to see some signs of recovery, although it is too early to draw any conclusions on trends for the year as a whole.

The number of passengers on the Airport Express Line fell by 12.6% as compared to the first half of last year. This was expected following the reduction of the introductory fare discount in July 2000, as a result of which the average fare in the first half was HK\$59.90 as compared to HK\$47.32 in the same period last year, giving rise to an increase of 10.7% in revenue to HK\$279 million for the Airport Express Line. We maintained an estimated market share of 28%, with overall airport traffic reducing 2% last year.

OPERATIONS PERFORMANCE IN THE FIRST HALF OF 2001

	Customer service pledge target	Operating agreement target	Actual performance
Train service delivery	99.5%	98.5%	99.8%
Passenger journeys on time			
• MTR Lines	99.5%	98.5%	99.9%
• Airport Express Line	99.0%	98.0%	99.8%
Train punctuality			
• MTR Lines	99.0%	98.0%	99.4%
• Airport Express Line	99.0%	98.0%	99.9%
Train reliability: train car-km per train failure causing delays \geq 5 minutes	500,000 km ^{#1}	N.A.	535,251 km
Ticket reliability: magnetic ticket transactions per ticket failure	6,000 ^{#2}	N.A.	10,975
Add value machine reliability	97.0%	95.5%	98.9%
Ticket issuing machine reliability	97.0% ^{#3}	93.0%	99.0%
Ticket gate reliability	98.5% ^{#4}	97.0%	99.7%
Escalator reliability	99.0%	98.0%	99.9%
Passenger lift reliability	99.0%	98.5%	99.8%
Temperature and ventilation			
• Trains: to maintain a cool, pleasant and comfortable train environment generally at a temperature at or below 26°C	95.0%	N.A.	100%
• Stations: to maintain a cool, pleasant and comfortable environment generally at or below 27°C for platforms and 29°C for stations concourses, except on very hot days	90.0%	N.A.	97.8%
Cleanliness			
• Train compartments: cleaned daily	97.0% ^{#5}	N.A.	99.9%
• Train body: washed every 2 days	97.0% ^{#6}	N.A.	99.9%

[#] New 2001 customer service pledge targets:

^{#1} Raised from 400,000km

^{#2} Raised from 4,500

^{#3} Raised from 95.0%

^{#4} Raised from 98.0%

^{#5} Raised from 95.0%

^{#6} Raised from 95.0%

Following a review of our current fare levels, the Board decided in June 2001 to engage in a formal consultation exercise in accordance with our Operating Agreement to seek the public's views on a proposal to increase fares by 2.0-2.5%. After carefully considering the feedback from this consultation, the Board has decided to implement an average fare increase of 2.3% as from 1 April 2002. This will be our first general fare increase since 1997. In the meantime, the remaining 10% introductory fare discount on the Airport Express Line was removed as from 1 July 2001, so that the single journey fare from Hong Kong to the Airport is now at the originally proposed amount of HK\$100.

To continue to upgrade the performance standards of the railway, we raised our customer service pledges for train reliability, ticket issuing machines, ticket reliability, ticket gates and train cleanliness to higher levels in early 2001. I am pleased to report that all of our performance requirements and customer service pledges were achieved in the half year.

We have also made progress in exploring ways to improve the provision of feeder services and pedestrian access to our stations, including trials of inter-model fare discount schemes for passengers using feeder buses. Marketing initiatives to reward frequent users of the MTR system have been effective.

Progress continued to be made in our programme of capital works to improve the railway. The train modernisation programme is scheduled for completion in October 2001, two months ahead of the original programme. Our station improvement and modification works continued, with additional entrances, external and internal passenger lifts, new escalators and improved station facilities being installed

at 19 stations, including Central, Wan Chai, Admiralty and Mong Kok. Installation of the first platform screen doors within the retrofitting programme commenced in May at Choi Hung Station.

Railway construction

The Tseung Kwan O Extension project is well-advanced with the major civil construction works for the entire line completed in early June. With the transition of the project into the fit-out stage, trackwork, power supply, platform screen doors and other building services installations are all progressing satisfactorily. We remain confident that the Tseung Kwan O Extension project can be completed in late 2002 within the latest project cost estimate of HK\$21 billion.

The Quarry Bay Congestion Relief Works are due to be completed and become operational in the final quarter of 2001. North Point will become the terminal station of the Kwun Tong Line and will provide a convenient interchange for passengers between the Kwun Tong Line and the Island Line.

We have continued to make progress on designs for the Penny's Bay Rail Link to connect the future Disney Theme Park with the Tung Chung Line, although we are still in discussions with Government on the project agreement.

In response to Government's invitation received in January 2001, a competitive proposal for the Shatin to Central Link was submitted by the Company in July 2001. The proposal will be assessed by Government with respect to both the financial and the technical aspects, in accordance with the provisions in the MTR Operating Agreement and the initial public offering prospectus to ensure a "level playing field"

TSEUNG KWAN O EXTENSION RAILWAY PROJECT

In HK\$ million	Original budget	Revised budget	Expenditure up to 30 June 2001	Expenditure up to 31 December 2000
Construction costs				
Civil works	11,232	7,457	5,418	4,465
Electrical and mechanical works/rolling stock	7,206	4,179	1,579	1,132
Works entrusted to Government	207	574	376	367
Associated construction costs				
Site investigation and land costs	1,261	1,005	257	222
Non-construction costs				
Consultancy fees, corporate and financing costs	10,589	7,785	3,551	3,008
Total	30,495	21,000	11,181	9,194

between the Company and KCRC. Government is expected to decide on the award of the Shatin to Central Link by the end of 2001.

Separately we have also submitted a proposal to construct, operate and finance the Island Line Extensions, comprising the North Island Line and the West Island Line, which are regarded as natural extensions of the MTR system. We expect to enter into detailed discussions with Government towards formalising a project agreement for completion of the North Island Line in 2008 and the West Island Line in 2012.

Property

During the first half of the year, falling interest rates and enhanced marketing initiatives by developers led to continued sales activity at our developments despite the generally weak property market. The sales achieved at MTR developments confirm that MTR station locations continue to be appreciated by purchasers. In July 2001, we succeeded in awarding the Choi Hung Park and Ride development project to Chun Wo Holdings Limited.

Construction progress continued to be made at a number of our Airport Railway developments, which was reflected in the recognition of HK\$827 million from the deferred income account as profits, primarily in relation to the developments at Tung Chung.

Preparatory work has continued on the property development schemes for the Tseung Kwan O Extension project so that tenders can be called when market conditions are suitable. The schemes have been further improved, adopting "green" initiatives and taking advantage of Government's recent changes to the building codes.

Our investment property portfolio remained stable, with satisfactory performance from the four shopping centres. Significant progress has been made on the refurbishment of Paradise Mall in Heng Fa Chuen.

Other businesses

The unfavourable economic situation in the first half of 2001 has affected our advertising business and we have experienced a reduction of 13.3% in advertising revenue as

TSEUNG KWAN O EXTENSION PROPERTY DEVELOPMENTS (PACKAGES TO BE AWARDED)*

Location	No. of packages envisaged**	Type	Gross floor area (sq.m.)	No. of parking spaces	Expected period of package tenders**	Expected completion date
Tiu Keng Leng Station	3	Residential Retail Car park	237,065 13,000	652	2002-2004	2006
Tseung Kwan O Station***	4	Residential Retail Office Car park	110,925 75,514 103,130	1,633	2001-2004	2007
Hang Hau Station	2	Residential Retail Car park	138,652 3,500	381	2002-2003	2006
Area 86	14	Residential Retail Car park	1.6 million 40,000	4,329	2002-2009	2012

* Subject to land grant conditions and completion of statutory processes

** Subject to review

*** Includes area 57a which was awarded in July 2000 with details as follows:

Location	Developers	Type	Gross floor area (sq.m.)	No. of parking spaces	Expected completion date**
Tseung Kwan O Station Area 57a	Sun Hung Kai Properties Ltd. Nan Fung Development Ltd. Henderson Land Development Co. Ltd. Chime Corporation Ltd.	Residential Retail Car park	26,005 3,637	80	2003

compared with the same period last year. Notwithstanding the current downturn, we continue to be optimistic about the longer term prospects for this business and we have continued to invest in new formats to enhance our advertising media.

Our station retail business has maintained a steady performance despite the tough business environment and we are in the process of re-designing and re-furbishing the retail space at Central Station in order to introduce an enhanced retail mix. Plans are underway to launch a weekly magazine and a daily newspaper. These two publications will become an additional source of revenue as well as bringing value added benefits to our passengers.

We have seen pleasing growth in our railway consultancy business, with increased income in the first half together with significant new mandates won for advisory services to major railway projects. We are now active in Bangkok, Kaoshiung and Taipei, as well as cities in China. We were also selected by the Airport Authority to operate and maintain the Automated People Mover at Hong Kong International Airport.

In July 2001, we submitted a tender in response to Government's invitation to construct and operate a cable car to link Tung Chung with Ngong Ping, the site of the Po Lin Monastery and the Big Buddha.

Creative Star has continued to grow following the signing of the revised shareholders' agreement in January 2001 which has removed this company's previous non-profit making restriction. By the end of June, around 7.6 million Octopus cards were in circulation with around 6 million transactions and HK\$42 million of value being processed each day. Agreement has been reached for the continuing development of Octopus into

transport installations such as tramways and minibuses and some selective trials with taxis are planned later this year. We have also signed up a number of non-transport applications,

as well as agreements with additional banks to provide automatic add value services.

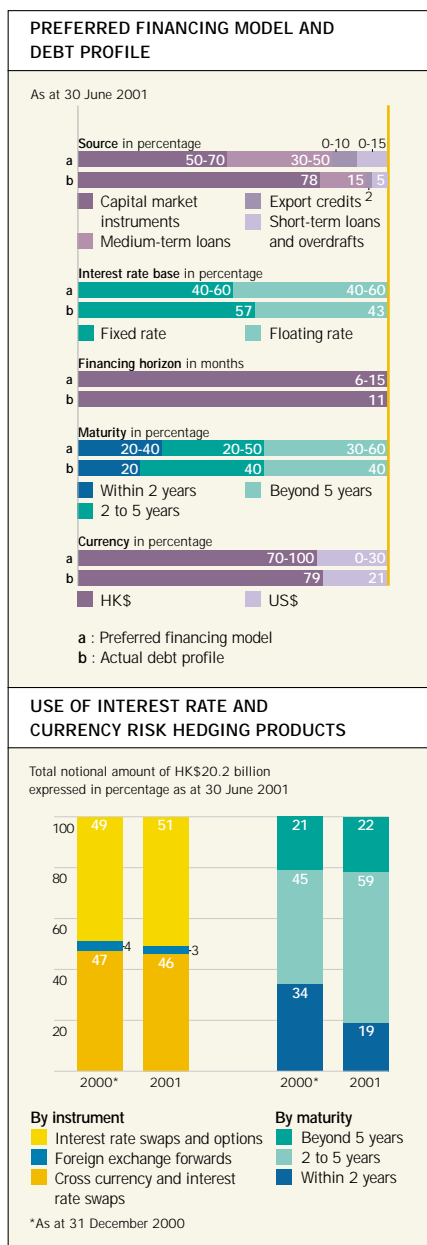
Finance

As a result of the patronage and fare trends described earlier, the Company achieved fare revenue of HK\$2,795 million, an increase of 1.0% over the same period last year. Non-fare revenue amounted to HK\$911 million, an increase of 1.0% as compared to the same period last year, reflecting the decrease in advertising revenue offset by increases in property rental income, fees from consultancy services and other business revenue. The total revenue for the first half year of HK\$3,706 million was 1.0% above last year.

We have continued to improve staff productivity and exercise tight cost control over our operations, as a result of which the total operating costs of HK\$1,684 million were 1.8% less than the same period last year. This gave rise to an operating profit before depreciation on our railway and related operations of HK\$2,022 million, up 3.5% from last year and representing an operating profit margin of 54.6%, (53.2% last year). In addition, property development profits of HK\$827 million

were recognised from the deferred income account in line with construction progress at our Airport Railway property developments. The total operating profit before depreciation was HK\$2,849 million, an increase of 5.6% as compared to HK\$2,699 million last year.

Interest charges have benefited from the reduction in



interest rates during the first half year, being HK\$149 million less than the same period last year, and we accounted for the first time for the Company's share of earnings of Creative Star amounting to HK\$17 million. Inclusive of the above, the profit for the period attributable to shareholders was HK\$1,351 million, representing earnings per share of HK\$0.27.

The Directors have declared an interim dividend of HK\$0.14 per share. It was stated in our initial public offering prospectus that the interim dividend is expected to represent around one-third of the total dividend for the year. As with the dividends paid in respect of the year ended 31 December 2000, shareholders will be given the option to elect to receive these dividends in the form of scrip rather than cash.

The Company's balance sheet remained strong with shareholders' funds increasing to HK\$51,457 million with the re-investment of scrip dividends by Government and other shareholders, together with the retained earnings for the first half of this year. The main capital outlays related to expenditure on the Tseung Kwan O Extension project, the Quarry Bay Congestion Relief Works and other railway improvement works. These expenditures were financed by an increase in borrowings from HK\$27,203 million at the last year-end to HK\$29,231 million, following which our debt to equity ratio has increased from 54% to 57% in line with our financing plan.

Although the Company has always maintained a conservative mix of fixed rate and floating rate debt to mitigate the effect of interest rate fluctuations, we have been able to take advantage of the recent cuts in interest rates to lower our financing costs and to arrange new financings at highly cost effective levels. As a result, the average interest cost for the first half of the year was 7.1% as compared to 7.8% during the same period last year. During this period, we have arranged new financings amounting to HK\$5,350 million mainly in Hong Kong dollars achieving very tight terms at unprecedentedly low margins over HIBOR.

We have continued to experience strong investor support for MTRCL shares, which closed at HK\$13.35 on 29 June 2001, dropping 2.6% since the beginning of the year as compared to a drop of 12.3% for the Heng Seng Index. MTRCL has been included as a Hang Seng Index constituent

stock as from 1 June 2001. Government continues to plan for a further offering of MTRCL shares after the award of the Shatin to Central Link project has been announced.

Outlook

We are looking forward to the opening of the Quarry Bay Congestion Relief Works later this year, which will enhance the interchange for passengers travelling from East Kowloon on to Hong Kong Island. As we continue to open new extensions to the railway system, including the Tseung Kwan O Extension in 2002, opportunities will arise to improve cost efficiencies through economies of scale, redeployment of staff and developing a multi-skilled workforce.

Implementation of our railway development plans has progressed with the submission of proposals to build and operate the North Island Line, West Island Line and the Shatin to Central Link. Considerable efforts have been made in the preparation of these proposals to present cost effective solutions to Government while offering significant transport benefits.

We have seen some recovery of sentiment in the Hong Kong property market with an increase in recent buying activity following the series of interest rate cuts earlier this year. Our development packages along the Tseung Kwan O Extension have been well-developed and should be ready for tendering as and when market conditions are appropriate.

With all of the challenges ahead of us, I am grateful for the hard work and support of our strong management team and motivated workforce and I look forward to their continued contribution to the success of the company.



JACK SO CHAK KWONG *Chairman and Chief Executive*
Hong Kong, 1 August 2001

Code of Best Practice

The Company has compiled throughout the half-year ended 30 June 2001 with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong, except that non-Executive Directors of the Company are not appointed for a specific term but are subject (save as those appointed pursuant to Section 8 of the new MTR Ordinance) to retirement by rotation and re-election at the Company's annual general meetings in accordance with Article 87 and 88 of the Company's Articles of Association.

Audit Committee

The Audit Committee meets regularly with the Company's senior financial, internal audit and compliance management and the external auditor to consider the Company's financial reporting, the nature and scope of audit review and the effectiveness of the systems of internal control and compliance. The members of the Audit Committee comprise David Wylie Gairns (chairman), Cheung Yau-kai and the Commissioner for Transport (Robert Charles Law Footman), all of whom are non-executive Directors.

Remuneration Committee

The Remuneration Committee meets regularly to consider human resources issues, including the terms and conditions of employment, remuneration, and retirement benefits of the Chairman and Chief Executive and members of the Executive Directorate. The members of the Remuneration Committee comprise Raymond Ch'ien Kuo-fung (chairman), Edward Ho

Sing-Tin and Denise Yue Chung-ye, all of whom are non-executive Directors.

Nominations Committee

The Nominations Committee carries out the process of recommending and nominating candidates to fill vacancies on the Board of Directors. The members of the Nominations Committee are David Gordon Eldon (chairman), Lo Chung-hing and the Secretary for Transport, all of whom are non-executive Directors.

Board Members' and Executive Directorate's Interests in Shares

At 30 June 2001, the interests of the members of the Board of Directors and the Executive Directorate in the equity securities of the Company as recorded in the register required to be kept under section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI") or as otherwise notified to the Company and the HKSE pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:-

ORDINARY SHARES

Member of the Board of Directors or Executive Directorate	Number of Ordinary Shares
Jack So Chak-kwong	2,000
Russell John Black	2,000
William Chan Fu-keung	2,000
Phillip Gaffney	2,500
Thomas Ho Hang-kwong	4,000
Clement Kwok King-man	4,000
Leonard Bryan Turk	4,000

OPTIONS TO SUBSCRIBE FOR ORDINARY SHARES GRANTED UNDER THE SHARE OPTION SCHEME

Members of the Board of Directors or Executive Directorate	Numbers of Ordinary Shares	Date granted	Period during which rights exercisable (Day/ month/ year)	Price per share to be paid on exercise of options	Consideration paid for options granted
Jack So Chak-kwong	1,599,000	20/9/00	5/4/2001 to 11/9/2010	\$8.44	None
Russell John Black	1,066,000	20/9/00	5/4/2001 to 11/9/2010	\$8.44	None
William Chan Fu-keung	1,066,000	20/9/00	5/4/2001 to 11/9/2010	\$8.44	None
Phillip Gaffney	1,066,000	20/9/00	5/4/2001 to 11/9/2010	\$8.44	None
Thomas Ho Hang-kwong	1,066,000	20/9/00	5/4/2001 to 11/9/2010	\$8.44	None
Clement Kwok King-man	1,066,000	20/9/00	5/4/2001 to 11/9/2010	\$8.44	None
Leonard Bryan Turk	1,066,000	20/9/00	5/4/2001 to 11/9/2010	\$8.44	None

Save as disclosed above:

A. there were no interests held as at 30 June 2001 by any members of the Board of Directors or Executive Directorate of the Company in securities of the Company and its associated corporations (within the meaning of the SDI); and

B. during the six months ended 30 June 2001, no member of the Board of Directors or Executive Directorate nor any of their spouses or children under 18 years of age held any rights to subscribe for equity or debt securities of the Company nor had there been any exercises of any such rights by any of them, as recorded in the register kept by the Company under section 29 of the SDI or otherwise notified to the Company and the HKSE pursuant to the Model Code for Securities Transaction by Directors of Listed Companies.

Human Resources

The Company employed 7,316 employees as at 30 June 2001. Our remuneration policy aims to maintain market competitiveness, internal equity, staff motivation and cost effectiveness. To reinforce our commitment to performance and continuous improvement, the Company is moving towards a more flexible compensation structure that rewards and recognizes outstanding performance.

Substantial Shareholders' Interests

Set out below is the name of the party which was interested in 10 per cent or more of the nominal value of the share capital of the Company and the respective relevant numbers of shares in which it was interested as at 30 June 2001 as recorded in the register kept by the Company under Section 16(1) of the SDI:

Name	No. of Ordinary Shares
Financial Secretary Incorporated (In trust on behalf of the Government)	3,866,845,048

Purchase, Sale or Redemption of Own Securities

During the six months ended 30 June 2001, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's securities.

Closure of Register of Members

The Register of Members of the Company will be closed from 14 September 2001 to 20 September 2001 (both dates inclusive), during which period no transfer of shares can be registered. In order to qualify for the interim dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Registrar, Central Registration Hong Kong Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:00 p.m. on 13 September 2001. The 2001 interim dividend will be payable on or about 2 November 2001 to shareholders whose names appear on the Register of Members of the Company on 20 September 2001.

Contents

Accounts

- 14 Consolidated Profit and Loss Account
- 15 Consolidated Statement of Recognised Gains and Losses
- 16 Balance Sheet
- 18 Consolidated Cash Flow Statement

Notes to the Unaudited Interim Financial Report

- 20 1 Significant Accounting Policies
- 21 2 Partial Disposal of Investment in Subsidiary
- 3 Dividend
- 4 Earnings Per Share
- 5 Taxation
- 22 6 Segmental Information
- 23 7 Debtors, Deposits and Payments in Advance
- 8 Bonds and Notes Issued and Repaid
- 9 Creditors, Accrued Charges and Provisions
- 24 10 Share Capital, Share Premium and Capital Reserve
- 11 Other Reserves
- 25 12 Material Related Party Transactions
- 13 Capital Commitments
- 26 14 Comparative Figures
- 15 Approval of Interim Financial Report

for the half-year ended 30 June in HK\$ million	Note	2001 (Unaudited)	2000 (Unaudited)
Fare revenue			
– MTR Lines		2,516	2,514
– Airport Express Line		279	252
Station commercial and other revenue		476	474
Rental and management income		435	428
Turnover		3,706	3,668
Staff costs and related expenses		(821)	(847)
Energy and utilities		(245)	(235)
Operational rent and rates		(38)	(29)
Stores and spares consumed		(48)	(54)
Repairs and maintenance		(198)	(184)
Railway support services		(87)	(103)
Expenses relating to station commercial and other businesses		(71)	(77)
Property ownership and management expenses		(66)	(66)
General and administration expenses		(54)	(53)
Other expenses		(56)	(67)
Operating expenses before depreciation		(1,684)	(1,715)
Operating profit from railway and related operations before depreciation		2,022	1,953
Profit on property developments		827	746
Operating profit before depreciation		2,849	2,699
Depreciation		(1,064)	(1,052)
Operating profit before interest and finance charges		1,785	1,647
Interest and finance charges:			
Interest expense		(469)	(631)
Interest income		18	31
		(451)	(600)
Share of profit of non-controlled subsidiary		17	7
Profit for the period attributable to shareholders		1,351	1,054
Dividend	3	703	–
Earnings per share:	4		
– Basic		HK\$0.27	HK\$0.21
– Diluted		HK\$0.27	N/A

The notes on pages 20 to 26 form part of this interim financial report.

for the half-year ended 30 June in HK\$ million	2001 (Unaudited)	2000 (Unaudited)
Surplus on revaluation of investment properties	-	1,126
Deficit on revaluation of other fixed assets	-	(53)
Net gains transferred directly to reserves	-	1,073
Net profit for the period	<u>1,351</u>	<u>1,054</u>
Total recognised gains and losses	<u>1,351</u>	<u>2,127</u>

in HK\$ million	Note	The Group		The Company
		At 30 June 2001 (Unaudited)	At 31 December 2000 (Unaudited)	At 31 December 2000 (Audited and restated)
Assets				
Fixed assets				
– Investment properties		10,240	10,151	10,151
– Other property, plant and equipment		68,318	68,324	68,324
		<u>78,558</u>	<u>78,475</u>	<u>78,475</u>
Railway construction in progress		11,181	9,194	9,194
Property development in progress		3,024	2,699	2,699
Deferred expenditure		232	187	187
Interest in non-controlled subsidiary		39	26	–
Investments in subsidiaries		–	–	53
Staff housing loans		202	635	635
Stores and spares		285	275	275
Debtors, deposits and payments in advance	7	585	676	685
Amounts due from the Government and other related parties		227	224	224
Cash at banks and in hand		179	174	99
		<u>94,512</u>	<u>92,565</u>	<u>92,526</u>
Liabilities				
Bank overdrafts		21	44	44
Short-term loans		1,312	887	887
Creditors, accrued charges and provisions	9	2,923	3,289	3,277
Contract retentions		766	817	817
Amounts due to the Government and other related parties		421	422	422
Loans and obligations under finance leases	8	27,898	26,272	26,272
Deferred liabilities		77	76	76
Deferred income		9,637	10,403	10,403
		<u>43,055</u>	<u>42,210</u>	<u>42,198</u>
Net assets		<u>51,457</u>	<u>50,355</u>	<u>50,328</u>

The notes on pages 20 to 26 form part of this interim financial report.

in HK\$ million	Note	The Group		The Company
		At 30 June 2001 (Unaudited)	At 31 December 2000 (Unaudited)	At 31 December 2000 (Audited and restated)
Shareholders' funds				
Share capital, share premium and capital reserve	10	32,439	32,188	32,188
Other reserves	11	<u>19,018</u>	<u>18,167</u>	<u>18,140</u>
		<u>51,457</u>	<u>50,355</u>	<u>50,328</u>

for the half-year ended 30 June in HK\$ million	2001 (Unaudited)	2000 (Unaudited)
Net cash inflow from operating activities	2,312	1,932
Servicing of finance and returns on investments		
Interest paid	(987)	(912)
Interest received	18	31
Interest element of finance lease rental payments	(36)	(41)
Finance charges paid	(30)	(26)
Dividend paid	(250)	-
Net cash outflow from servicing of finance and returns on investments	(1,285)	(948)
Investing activities		
Capital expenditure		
– Airport Railway Project	(172)	(74)
– Tseung Kwan O Extension Project	(1,776)	(1,560)
– Purchase of assets and other capital projects	(1,288)	(1,263)
– Property development projects	(364)	(519)
Receipts from property developers	100	120
Decrease / (Increase) in investments in subsidiaries	16	(47)
Loans made under Staff Housing Loan Scheme	(3)	(138)
Principal repayments under Staff Housing Loan Scheme	437	99
Net cash outflow from investing activities	(3,050)	(3,382)
Net cash outflow before financing	(2,023)	(2,398)

for the half-year ended 30 June in HK\$ million	2001 (Unaudited)	2000 (Unaudited)
Financing		
Shares issued	1	–
Drawdown of loans	5,425	4,165
Repayment of loans	(3,309)	(1,707)
Reduction in capital element of finance lease	(65)	(59)
(Release) / Collection of refundable deposits and asset replacement reserve funds	<u>(1)</u>	<u>2</u>
Net cash inflow from financing	<u>2,051</u>	<u>2,401</u>
Increase in cash and cash equivalents	28	3
Cash and cash equivalents at 1 January	<u>130</u>	<u>84</u>
Cash and cash equivalents at 30 June	<u>158</u>	<u>87</u>
Analysis of the balances of cash and cash equivalents		
Cash at banks and in hand	179	127
Bank overdrafts	<u>(21)</u>	<u>(40)</u>
	<u>158</u>	<u>87</u>

1 Significant Accounting Policies

A Basis of preparation

This interim financial report is unaudited, but has been reviewed by KPMG in accordance with Statement of Auditing Standards 700 "Engagements to review interim financial reports", issued by the Hong Kong Society of Accountants ("HKSA"). KPMG's independent review report to the Board of Directors is set out on page 27. In addition, this interim financial report has been reviewed by the Company's Audit Committee.

This interim financial report has been prepared in accordance with the requirements of the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited, including compliance with Statement of Standard Accounting Practice ("SSAP") 25 "Interim financial reporting" issued by the HKSA.

The financial information relating to the financial year ended 31 December 2000 included in the interim financial report does not constitute the Company's statutory accounts for that financial year but is derived from those accounts. The Company's accounts for the year ended 31 December 2000 did not include group accounts of the Company and its subsidiary companies in view of the Company having no effective control over the Board of one of its subsidiaries, Creative Star Limited ("CS"), and the insignificant amounts involved in the other subsidiaries. The unaudited consolidated financial information has been prepared for comparative purposes. Statutory accounts for the year ended 31 December 2000, on which the auditors have expressed an unqualified opinion in their report dated 1 March 2001, are available from the Company's registered office.

The same accounting policies adopted in the 2000 annual accounts have been applied to the interim financial statements except as disclosed under notes 1B, 1C and 1D below.

The notes on the interim financial report include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2000 annual accounts.

B Basis of consolidation

The consolidated financial statements include the results of the Company and all its subsidiaries. The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from or to the date of their acquisition or disposal, as appropriate. All material inter-company transactions and balances are eliminated on consolidation. For periods prior to 1 January 2001, group accounts of the Company and its subsidiaries were not prepared for the reasons explained in note 1A above.

C Non-controlled subsidiary

Creative Star Limited is regarded as a jointly controlled entity as the Group does not have effective control over the Board of CS. Commencing in the year ending 31 December 2001, the investment in CS is accounted for in the consolidated financial statements of the Company using the equity method as described in SSAP 21 "Accounting for interests in joint ventures." The restriction on CS to operate on a non-profit making basis was removed under the new Shareholders' Agreement dated 17 January 2001. Prior to 1 January 2001, the Company's investment in CS was accounted for on a cost basis.

D Dividends

In prior years, dividends proposed or declared after the balance sheet date in respect of an accounting period were recognised as a liability at the balance sheet date. With effect from 1 January 2001, in order to comply with SSAP 9 (revised) "Events after the balance sheet date", issued by HKSA, the Company recognises a liability for dividends in the accounting period in which they are declared or proposed and approved by shareholders. The new accounting policy has been adopted retrospectively, with the opening balance of retained profits and the comparative information adjusted for the amounts relating to prior periods.

2 Partial Disposal of Investment in Subsidiary

On 17 January 2001, the Company entered into a new Shareholders' Agreement with the other shareholders of CS. Under this agreement, the Company disposed of a shareholding interest of 10.4% in CS to certain other shareholders of CS for a consideration of HK\$16 million, together with a deferred consideration to be received in the event of CS subsequently becoming a stock exchange listed company. The profit arising from this disposal excluding the deferred consideration amounted to HK\$12 million and has been included in other revenue.

3 Dividend

in HK\$ million	Half-year ended 30 June 2001 (Unaudited)	Half-year ended 30 June 2000 (Unaudited)
Interim dividend declared of 14 cents per share	<u>703</u>	<u>-</u>

4 Earnings Per Share

The calculation of basic earnings per share is based on the profit for the half-year period ended 30 June 2001 attributable to shareholders of HK\$1,351 million (2000: HK\$1,054 million) and the weighted average number of ordinary shares of 5,000,527,531 (2000: assuming 5,000,000,000 shares were in issue throughout the period).

The calculation of diluted earnings per share is based on the profit for the half-year period ended 30 June 2001 attributable to shareholders of HK\$1,351 million and the weighted average number of ordinary shares of 5,018,501,461 after adjusting for the number of dilutive potential ordinary shares under the employee share option scheme calculated as follows:

	Half-year ended 30 June 2001 (Unaudited)
Number of ordinary shares used in calculating basic earnings per share	5,000,527,531
Number of ordinary shares deemed to be issued for no consideration	<u>17,973,930</u>
Weighted average number of shares used for calculating the diluted earnings per share	<u>5,018,501,461</u>

As at 30 June 2000, there were no outstanding dilutive potential ordinary shares.

5 Taxation

No provision for Hong Kong profits tax has been made in the consolidated profit and loss account in respect of the Company and its subsidiaries, as the Company and its subsidiaries either have substantial accumulated tax losses brought forward which are available for set off against current year's assessable profits or have tax losses as at 30 June 2001.

6 Segmental Information

The results of major business activities for the half-year ended 30 June 2001, with comparative figures for the half-year ended 30 June 2000, are summarised below:

in HK\$ million	Railway operations	Station commercial and other businesses	Property ownership and management	Total railway operations and related activities	Property developments	Total
The Group						
Half-year ended 30 June 2001 (Unaudited)						
Revenue	2,795	476	435	3,706	-	3,706
Less: Operating expenses before depreciation	<u>1,385</u>	<u>71</u>	<u>66</u>	<u>1,522</u>	-	<u>1,522</u>
	1,410	405	369	2,184	-	2,184
Profit on property developments	-	-	-	-	<u>827</u>	<u>827</u>
Operating profit before depreciation	1,410	405	369	2,184	827	3,011
Less: Depreciation	<u>1,004</u>	<u>47</u>	<u>1</u>	<u>1,052</u>	-	<u>1,052</u>
	<u>406</u>	<u>358</u>	<u>368</u>	<u>1,132</u>	<u>827</u>	1,959
Unallocated corporate expenses						(174)
Interest and finance charges (net)						(451)
Share of profit of non-controlled subsidiary						<u>17</u>
Profit for the period ended 30 June 2001						<u>1,351</u>
Half-year ended 30 June 2000 (Unaudited)						
Revenue	2,766	474	428	3,668	-	3,668
Less: Operating expenses before depreciation	<u>1,422</u>	<u>77</u>	<u>66</u>	<u>1,565</u>	-	<u>1,565</u>
	1,344	397	362	2,103	-	2,103
Profit on property developments	-	-	-	-	<u>746</u>	<u>746</u>
Operating profit before depreciation	1,344	397	362	2,103	746	2,849
Less: Depreciation	<u>996</u>	<u>42</u>	<u>1</u>	<u>1,039</u>	-	<u>1,039</u>
	<u>348</u>	<u>355</u>	<u>361</u>	<u>1,064</u>	<u>746</u>	1,810
Unallocated corporate expenses						(163)
Interest and finance charges (net)						(600)
Share of profit of non-controlled subsidiary						<u>7</u>
Profit for the period ended 30 June 2000						<u>1,054</u>

No geographical analysis is shown as all the principal activities of the Group are carried out in Hong Kong.

Profit on property developments for the half-years ended 30 June 2000 and 2001 were mainly recognised from the deferred income account.

7 Debtors, Deposits and Payments in Advance

The Group's credit policy in respect of receivables arising from its principal activities is as follows:

- i Rentals, advertising and telecommunications fees are billed monthly with due dates ranging from 7 to 50 days. Tenants of the Group's investment properties and station kiosks are required to pay three months' rental deposit upon the signing of lease agreements.
- ii Amounts receivable under interest rate swap agreements with financial institutions are due in accordance with the respective terms of the agreements.
- iii Debtors in relation to capital works entrusted to the Group, subject to any agreed retentions, are due upon the certification of work in progress.

The ageing of debtors relating to the above activities is analysed as follows:

in HK\$ million	The Group	
	At 30 June 2001 (Unaudited)	At 31 December 2000 (Unaudited)
Amount not yet due	461	533
Overdue by 30 days	38	78
Overdue by 60 days	2	6
Overdue by 90 days	6	3
Overdue by more than 90 days	29	29
Total debtors	536	649
Deposits and payments in advance	49	27
	<u>585</u>	<u>676</u>

8 Bonds and Notes Issued and Repaid

Bonds and notes issued by the Group during the half-year ended 30 June 2001 and 2000 comprise:

in HK\$ million	The Group			
	Half-year ended 30 June 2001 (Unaudited)		Half-year ended 30 June 2000 (Unaudited)	
	Amount issued	Net consideration received	Amount issued	Net consideration received
US dollar global notes	-	-	4,679	4,618
HK dollar notes	2,850	2,846	700	698
	<u>2,850</u>	<u>2,846</u>	<u>5,379</u>	<u>5,316</u>

The notes issued during the half-year ended 30 June 2001 were issued by a subsidiary, MTR Corporation (C.I.) Limited. The notes issued are unconditionally and irrevocably guaranteed by the Company, are unsecured and unconditional and unsubordinated to other obligations of MTR Corporation (C.I.) Limited. The net proceeds from the issues were on lent to the Company for general working capital, refinancing or other corporate purposes.

The notes issued in the half-year ended 30 June 2000 were issued by the Company and are unsecured and rank pari passu with all other unsecured obligations of the Company. The net proceeds from issuance were used to repay indebtedness of the Company and for general corporate purposes.

The Company has fully repaid the Samurai yen bonds of ¥15,000,000,000 during the period (2000: Nil).

9 Creditors, Accrued Charges and Provisions

Creditors, accrued charges and provisions are mainly related to capital projects which are settled upon certification of work in progress. The Group has no significant balances of trade creditors resulting from its provision of transportation and other services.

The analysis of creditors by due dates is as follows:

in HK\$ million	The Group	
	At 30 June 2001 (Unaudited)	At 31 December 2000 (Unaudited)
Due within 30 days or on demand	863	799
Due after 30 days but within 60 days	937	1,147
Due after 60 days but within 90 days	74	178
Due after 90 days	774	904
	<u>2,648</u>	<u>3,028</u>
Rental and other refundable deposits	275	261
Total	<u>2,923</u>	<u>3,289</u>

10 Share Capital, Share Premium and Capital Reserve

in HK\$ million	The Company	
	At 30 June 2001 (Unaudited)	At 31 December 2000 (Unaudited)
Authorised:		
6,500,000,000 shares of HK\$1.00 each	<u>6,500</u>	<u>6,500</u>
Issued and fully paid:		
5,018,347,523 shares (2000: 5,000,000,000 shares) of HK\$1.00 each	5,018	5,000
Share premium	233	-
Capital reserve	<u>27,188</u>	<u>27,188</u>
	<u>32,439</u>	<u>32,188</u>

Pursuant to the Articles of Association of the Company, the capital reserve can only be applied in paying up in full

unissued shares to be allotted and distributed as fully paid bonus shares to the shareholders of the Company.

Share premium represents the amount by which the issue price of shares exceeds the par value of those shares. The application of the share premium account is governed by section 48B of the Hong Kong Companies Ordinance.

New shares issued and fully paid up during the period comprise:

	The Company			
	Number of shares	Option / scrip price HK\$	Proceeds credited to Share capital account HK\$ million	Share premium account HK\$ million
Employee share options exercised	112,500	8.44	-	1
Issued as scrip dividends	<u>18,235,023</u>	13.71	<u>18</u>	<u>232</u>
	<u>18,347,523</u>		<u>18</u>	<u>233</u>

24

11 Other Reserves

in HK\$ million	The Group			
	Investment property revaluation reserve	Fixed asset revaluation reserve	Retained profits	Total
30 June 2001 (Unaudited)				
Balance as at 1 January 2001 as previously stated	6,501	139	11,027	17,667
Change in accounting policy with respect to dividends (note 1D)	-	-	500	500
Balance as at 1 January 2001 as restated	6,501	139	11,527	18,167
Dividends paid	-	-	(500)	(500)
Retained profit for the period	-	-	1,351	1,351
Balance as at 30 June 2001	<u>6,501</u>	<u>139</u>	<u>12,378</u>	<u>19,018</u>
31 December 2000 (Unaudited)				
Balance as at 1 January 2000	5,268	214	7,458	12,940
Surplus / (Deficit) on revaluations	1,233	(75)	-	1,158
Retained profit for the year (as restated)	-	-	4,069	4,069
Balance as at 31 December 2000 (as restated)	<u>6,501</u>	<u>139</u>	<u>11,527</u>	<u>18,167</u>

The investment property and fixed asset revaluation reserves are not available for distribution to shareholders because they do not constitute realised profits. As at 30 June 2001, the total amount of reserves available for distribution to shareholders under the Hong Kong Companies Ordinance amounted to HK\$12,327 million (2000: HK\$11,500 million, as restated).

12 Material Related Party Transactions

The Financial Secretary Incorporated, which holds approximately 77% of the Company's issued share capital on trust for the Government of the Hong Kong SAR, is the majority shareholder of the Company. Transactions between the Group and Government departments, agencies or Government controlled entities, other than those transactions arising in the normal dealings between the Government and the Group, are considered to be related party transactions pursuant to SSAP 20 "Related party disclosures" and are identified separately in this interim financial report.

The Group has had the following material transactions with Government and other related parties during the half-year ended 30 June 2001:

in HK\$ million	The Group		
	Balance at 1 January 2001	Increased / (Decreased)	Balance at 30 June 2001
Amount due from related parties			
in respect of infrastructure entrustment works:			
– the Government	191	(86)	105
– the Housing Authority	24	89	113
– Kowloon-Canton Railway Corporation	2	–	2
	<u>217</u>	<u>3</u>	<u>220</u>
Amount due to related parties			
in respect of railway project works entrusted to:			
– the Government	303	3	306
– the Airport Authority	119	(4)	115
	<u>422</u>	<u>(1)</u>	<u>421</u>
<hr/>			
in HK\$ million	Half-year ended 30 June 2001	Half-year ended 30 June 2000	
Dividend paid to Government	<u>385</u>	<u>–</u>	

During the half-year ended 30 June 2001, the Group also had the following transactions with its unconsolidated subsidiary, Creative Star Limited ("CS"):

in HK\$ million	The Group	
	Half-year ended 30 June 2001 (Unaudited)	Half-year ended 30 June 2000 (Unaudited)
Payment to CS in respect of central clearing services	22	21
Fees received from CS in respect of load agency services and management services	<u>7</u>	<u>7</u>

13 Capital Commitments

i Outstanding capital commitments as at 30 June 2001 not provided for in the accounts were as follows:

in HK\$ million	The Group			Total
	Railway operations	Tseung Kwan O Extension Project	Property development projects	
At 30 June 2001 (Unaudited)				
Authorised but not yet contracted for	1,011	7,750	1,990	10,751
Authorised and contracted for	<u>2,496</u>	<u>2,105</u>	<u>385</u>	<u>4,986</u>
	<u>3,507</u>	<u>9,855</u>	<u>2,375</u>	<u>15,737</u>
<hr/>				
At 31 December 2000 (Unaudited)				
Authorised but not yet contracted for	890	8,444	2,045	11,379
Authorised and contracted for	<u>2,577</u>	<u>3,388</u>	<u>617</u>	<u>6,582</u>
	<u>3,467</u>	<u>11,832</u>	<u>2,662</u>	<u>17,961</u>

Included in the amounts authorised but not yet contracted for are costs that will not be subject to construction contracts such as staff costs, overhead expenses and capitalised interest.

ii The commitments under railway operations comprise the following:

in HK\$ million	Improvement and enhancement works	The Group		Total
		Acquisition of property, plant and equipment		
At 30 June 2001 (Unaudited)				
Authorised but not yet contracted for	789	222		1,011
Authorised and contracted for	1,373	1,123		2,496
	<u>2,162</u>	<u>1,345</u>		<u>3,507</u>
At 31 December 2000 (Unaudited)				
Authorised but not yet contracted for	634	256		890
Authorised and contracted for	1,359	1,218		2,577
	<u>1,993</u>	<u>1,474</u>		<u>3,467</u>

iii Commitments in respect of jointly controlled operations have been included in the commitments for Property Development Projects above and were as follows:

in HK\$ million	The Group	
	At 30 June 2001 (Unaudited)	At 31 December 2000 (Unaudited)
Authorised but not yet contracted for	1,974	2,014
Authorised and contracted for	37	39
	<u>2,011</u>	<u>2,053</u>

14 Comparative Figures

Comparative figures have been restated based on the change in accounting policy as set out in note 1 in the interim financial report.

15 Approval of Interim Financial Report

The interim financial report was approved by the Board on 1 August 2001.

Introduction

We have been instructed by the company to review the interim financial report set out on pages 14 to 26.

Directors' responsibilities

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Statement of Standard Accounting Practice 25 "Interim financial reporting" issued by the Hong Kong Society of Accountants. The interim financial report is the responsibility of, and has been approved by, the directors.

Review work performed

We conducted our review in accordance with Statement of Auditing Standards 700 "Engagements to review interim financial reports" issued by the Hong Kong Society of Accountants. A review consists principally of making enquiries of management and applying analytical procedures to the interim financial report and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

Review conclusion

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30 June 2001.

KPMG
Certified Public Accountants
Hong Kong, 1 August 2001

Financial calendar 2001

1 August: Announcement of 2001 interim result
 13 September: Last day to register for 2001 interim dividend
 14-20 September: Book closure period
 2 November: Interim dividend payment
 31 December: Financial year end

Registered office

MTR Corporation Limited
 MTR Tower
 Telford Plaza
 Kowloon Bay
 Hong Kong
 Telephone: (852) 2993 2111
 Facsimile: (852) 2798 8822

Website

<http://www.mtr.com.hk>.
 Our annual/interim reports and accounts are available on line.

Share information

Listing

MTRCL shares are listed on The Stock Exchange of Hong Kong Limited. In addition, MTRCL shares are traded in the U.S.A. through an American Depository Receipts (ADR) Level 1 Programme sponsored by Morgan Guaranty Trust Company. MTRCL shares are also quoted on the London SEAQ International System.

Ordinary shares

Shares outstanding as at 30 June 2001:
 5,018,347,523 shares
 Hong Kong SAR Government shareholding:
 3,866,845,048 shares (77%)
 Free float: 1,151,502,475 shares (23%)
 Nominal value: HK\$1 per share

Stock code

Hong Kong Stock Exchange	66
Reuters	0066.HK
Bloomberg	66 HK
SEAQ International	0066q.L
ADR Level 1 Programme	MTRUY

Shareholders services

Any matters relating to your shareholding, such as transfer of shares, change of name or address, and loss of share certificates should be addressed in writing to the Registrar: Central Registration Hong Kong Limited
 Rooms 1901-1905
 Hopewell Centre
 183 Queen's Road East
 Hong Kong

Interim report 2001

Copies of our interim report are available in English and Chinese and can be obtained by writing to:
 Corporate Relations Department
 MTR Corporation Limited
 MTR Tower
 Telford Plaza
 Kowloon Bay
 Hong Kong

Company hotline

Our general enquiry hotline is operational during normal office hours:
 Telephone: (852) 2881 8888

Investors relations contact

Corporate Finance Department
 MTR Corporation Limited
 MTR Tower
 Telford Plaza
 Kowloon Bay
 Hong Kong



地鐵有限公司
香港九龍灣
德福廣場地鐵大廈
香港郵政總局信箱9916號
電話：(852) 2993 2111
傳真：(852) 2798 8822
網址：www.mtr.com.hk

MTR Corporation Limited
MTR Tower, Telford Plaza
Kowloon Bay, Hong Kong
GPO Box 9916, Hong Kong
Telephone: (852) 2993 2111
Facsimile: (852) 2798 8822
Website: www.mtr.com.hk