

MTR Fares in 2021/22 Comes to 1.7% Reduction
Passengers Enjoy 5% Fare Saving starting from April 2021 under MTR Promotions

The MTR Corporation today (29 March 2021) announced the reduction in fare by 1.7% under the Fare Adjustment Mechanism (FAM) with effect from 27 June 2021. In view of the impact of pandemic to the economy, the Corporation will introduce measures allowing Octopus and QR code ticket users to save around 5% actual fare expenses from 1 April 2021 till 1 January 2022, which together with fare reduction and various fare promotions were estimated to be over \$900 million.

Following the announcement by the Government of the year-on-year change in the Nominal Wage Index (Transportation Section) for December 2020, the overall adjustment rate of MTR fares in 2021/22 under the FAM should be -1.7% (Appendix 1). Since the adjustment rate is negative, a fare reduction will take effect in late June this year accordingly. The last fare adjustment dates back to June 2019.

Not only that MTR is effecting a fare reduction, the Corporation will offer various fare promotions, as follows:

- The Corporation will provide “5% Rebate for Every Trip” from 1 April to 26 June 2021, which will be applicable to all MTR passengers[^] travelling by Octopus or QR code tickets.
- The Corporation will top-up the committed rebate for every trip under FAM (“Profitability-Linked Arrangement” and “Service Performance-Linked Arrangement”) from 27 June until 1 January 2022, which together with the fare reduction in late June, allows passengers to continue to save around 5% on the actual fares till 1 January 2022. Such arrangement applies to both Octopus and QR code ticket users.
- There will be a reduction on the prices of “MTR City Saver”, “Monthly Pass Extra” and “Tuen Mun – Nam Cheong Day Pass” starting from July 2021. Passengers can also enjoy a \$50 flat reduction for every purchase of “Monthly Pass Extra” from July to December 2021, and of “MTR City Saver” from 1 July 2021 to 1 January 2022 (Appendix 2).
- The 35% off “Early Bird Discount Promotion” will be extended for another year until 31 May 2022.

The Corporation will bear over \$900 million in total in 2021/22, including over \$200 million for passengers’ fare saving under fare reduction at 1.7% this year, over \$500 million for the series of fare promotions and over \$200 million for the special fare arrangements under the pandemic. The Corporation will also continue to offer over \$1.7 billion-worth on-going fare concessions every year to customers from different walks of life, e.g. MTR Student Travel Scheme, etc. In total, the Corporation will bear a sum of \$2.6 billion for all fare concessions, promotions and reduction this year.

"We truly feel that both MTR and Hong Kong people have been hard hit by and have been facing continuous unprecedented challenges amid the pandemic over the past year. The patronage decreased for more than 30% last year due to less commuting, stalled commercial activities and school closures, etc., resulting in an annual financial loss for the Corporation. Notwithstanding the difficulties, as a Hong Kong-rooted corporation, MTR is dedicated to keeping Hong Kong moving and riding out the tough times together with the public through different measures and promotions. There would have been no actual fare increase for Octopus passengers since January 2019. The FAM calculation has resulted in a fare reduction this year, which clearly indicates that the mechanism is objective and transparent, and reflects the recent local economic conditions. We hope that the Hong Kong economy will be back on the right track after the pandemic dies down," said Ms Jeny Yeung, Commercial Director of MTR Corporation.

The Census and Statistics Department of the Government published the year-on-year change in the Composite Consumer Price Index for December 2020 (-0.7%) on 21 January 2021 and the year-on-year change in the Nominal Wage Index (Transportation Section) for December 2020 (-1.5%) today. According to the FAM Formula, after the special annual adjustment of -0.6% offered by the Corporation, the fare adjustment rate for the year 2021/22 should be -1.7%. (Ref. Steps 1 & 2 in Appendix 1)

FAM adopts a direct-drive formula that adjusts fares in accordance with the economic figures released by the Government. The mechanism is open, objective and transparent that tracks MTR fare adjustments with economic conditions and wage levels. An "Affordability Cap" has been introduced into FAM since 2013. As the FAM results in a fare reduction this year, the fare adjustment rates of +0.3% and +1.28% to be recouped this year under the simplified "Affordability Cap" arrangement in 2019/20 and 2020/21 respectively will be carried forward according to the mechanism.

The Corporation will now work out the actual changes to individual fares using the overall fare adjustment rate of -1.7%. A formal announcement of new MTR fares will be made at a later date, after completing all required administrative procedures including the submission of two independent experts' certificates to the Government verifying compliance with the FAM.

-End-

Remarks:

^All Octopus or QR code ticket users travelling on MTR lines (including trips to and from Lo Wu and Lok Ma Chau Stations, except Airport Express), and all Octopus users travelling on Light Rail and MTR buses will enjoy the "5% Rebate for Every Trip" from 1 April to 26 June 2021.

About MTR Corporation

Every day, MTR connects people and communities. As a recognised world-class operator of sustainable rail transport services, we are a leader in safety, reliability, customer service and efficiency.

MTR has extensive end-to-end railway expertise with more than 40 years of railway projects experience from design to planning and construction through to commissioning, maintenance and operations. Going beyond railway delivery and operation, MTR also creates and manages dynamic communities around its network through seamless integration of rail, commercial and property development.

With more than 40,000 dedicated staff*, MTR carries over 13 million passenger journeys worldwide every weekday in Hong Kong, the United Kingdom, Sweden, Australia and the Mainland of China. MTR strives to grow and connect communities for a better future.

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

*includes our subsidiaries and associates in Hong Kong and worldwide

Calculation of 2021/22 Fare Adjustment Rate

Step 1: Applying the FAM Formula

Year-on-year % change in Composite Consumer Price Index for December 2020 -0.7%	Year-on-year % change in Nominal Wage Index (Transportation Section) for December 2020 -1.5%	Productivity Factor# 0%	Fare Adjustment Rate based on FAM Formula			
$(-0.7\% \times 0.5)$	+	$(-1.5\% \times 0.5)$	-	0%	=	-1.1%

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

Step 2: After counting the Special Annual Adjustment

Fare Adjustment Rate based on FAM Formula	Special Annual Adjustment	Fare Adjustment Rate Calculated for 2021/22		
-1.1%	-	0.6%	=	-1.7%

Appendix 2

Prices of "MTR City Saver", "Monthly Pass Extra" & "Tuen Mun – Nam Cheong Day Pass"

	Starting from 1 July 2021		
Type	Original Price ¹	New Price after Adjustment ²	Promotional Price ³
MTR City Saver	\$445	\$435	\$385
Tuen Mun – Nam Cheong Day Pass	\$29	\$28	N/A

	Starting from July 2021		
Type	Original Price ¹	New Price after Adjustment ²	Promotional Price ³
Sheung Shui/Wu Kai Sha – East Tsim Sha Tsui Monthly Pass Extra	\$500	\$485	\$435
Tuen Mun – Nam Cheong Monthly Pass Extra	\$530	\$515	\$465
Tuen Mun – Hung Hom Monthly Pass Extra	\$615	\$600	\$550
Tung Chung – Nam Cheong Monthly Pass Extra	\$415	\$405	\$355
Tung Chung – Hong Kong Monthly Pass Extra	\$655	\$635	\$585

Remarks:

1. The earlier announced price change of the "Monthly Pass Extra", "MTR City Saver" and "Tuen Mun – Nam Cheong Day Pass" in 2019 will be effective on the original price starting from July 2021.
2. There will be a reduction on the prices of "Monthly Pass Extra", "MTR City Saver" and "Tuen Mun – Nam Cheong Day Pass" starting from July 2021.
3. Passengers can enjoy a \$50 flat reduction for every purchase of "Monthly Pass Extra" from July to December 2021, and of "MTR City Saver" from 1 July 2021 to 1 January 2022.