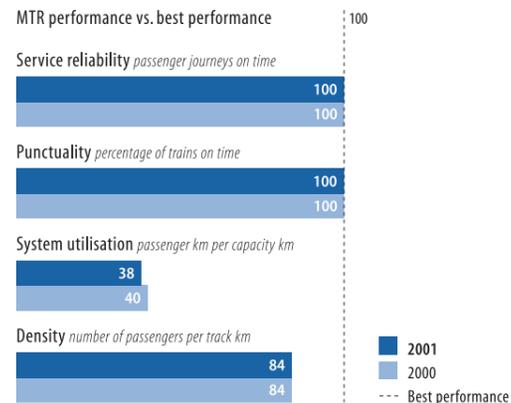




Changing to the Airport Express in Central is simple. They even check in at the station, leaving them luggage free to enjoy the ride.

They like the train. The ride is smooth, the attendant helpful and they can check their departure time on personal seat-back TV.



Benchmarking comparisons

Service levels remained exceptional in 2002, exceeding our Operating Agreement targets required by the Government and our own more stringent Customer Service Pledges.

as well as additional escalators and lifts at Mei Foo, Mong Kok, Shau Kei Wan and Causeway Bay stations.

Installation of platform screen doors was completed at five stations – Tsim Sha Tsui, Jordan, Yau Ma Tei, Mong Kok and Prince Edward – and is continuing at other Urban Line underground stations. This has greatly improved the station environment. Throughout the installation process, MTR made tremendous efforts to ensure not only timely completion, but continued reliability of the train service.

Availability and reliability of the signalling system was improved through installation of a new computer aided signalling interlocking system that integrates with a new vehicle and infrastructure control and operating system. This allows operations staff to control train

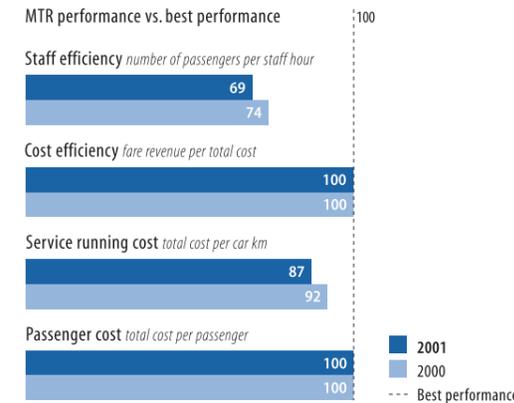
services with a high degree of flexibility whilst assuring the highest level of train service safety. Continuing our drive to move decisively away from traditional systems of managing train headway, this year we also installed a new trackside signalling system for the Tseung Kwan O Line that uses the same “distance-to-go” concept already employed on the Urban Lines.

Improvements to track reliability and passenger comfort resulted from the introduction of a new rail grinding vehicle and replacement of 20-kilometres of rail support plinths. A contract awarded to replace motor alternators on Urban Line trains with static inverters brought gains in energy efficiency and noise reduction.

Electronic display boards were installed in all stations to improve communication with passengers. Sited at entrances and on concourses and platforms, these display important safety and train service information as well as other information such as weather conditions, the air pollution index and advertisements. The system became fully operational in 2002.

Since 1998, art has been used to enhance the experience of travelling on the MTR network as a result of the Company’s Art in Stations initiative. The programme was further developed in 2002 and now covers the Open Gallery on the Island Line, as well as the Living Art in Stations, Roving Art, Community Art Gallery and Art in Station Architecture programmes.

We will extend the Art in Stations initiative to other parts of the MTR network, to make journeys more enjoyable for a wider range of passengers.



Staff efficiency and financial performance

We met the staffing needs of the Tsung Kwan O Line from existing resources, contributing to higher productivity ratios.

Productivity increases

Our success in making the best possible use of new technologies as well as new design, maintenance and operational processes has allowed MTR to make further gains in productivity, supported by a continuing hiring freeze for all but exceptional cases and the development of a multi-skilled workforce.

Outsourcing of maintenance services for the new Tseung Kwan O Line was introduced successfully, including rolling stock maintenance at the Tseung Kwan O Depot, enabling MTR to access market resources and expertise on an as-needed basis. We also completed implementation across all areas of the “total operation” approach to station and depot management, which has helped trim operating costs without compromising safety or service quality.

Energy conservation initiatives implemented during the year included lighting rewiring at our headquarters building and traction energy savings through Automatic Train Regulation and

timetable improvement. By standardising station furniture design we also lowered installation and maintenance costs.

Outlook

Looking ahead, improving patronage will remain a focus in 2003. The new interchange station at Nam Cheong and the pedestrian link at Mei Foo Station will provide convenient access to and from the Kowloon-Canton Railway Corporation’s West Rail, which is expected to open in the final quarter of 2003. This will significantly enlarge the catchment areas for both our Tsuen Wan and Tung Chung lines, boosting patronage.

We will continue to look for ways to enhance service quality whilst maintaining cost efficiency, such as making the MTR network more accessible, particularly with regard to journeys that require transfer between modes of transport. More progress on the Station Improvement and Platform Screen Door programmes is expected in 2003, enhancing station environments and providing more commercial opportunities for the Company.

We will also be creative in segmenting our passenger market in greater detail, which will help us to improve service levels by offering the type of value-added services that respond to prevailing economic conditions.



When they arrive, trolleys are waiting and they can walk to the airport in seconds.

The journey's so relaxed, so convenient, they hardly notice they've travelled nearly the entire length of Hong Kong!

System and market information

Railway operation data	2002		2001	
Total route length in km	87.7		82.5	
Number of rail cars	1,050		923	
Number of "e-Instant Bonus" machines in stations	18		16	
Number of station kiosks and mini-banks in stations	466		386	
Number of poster advertising media in stations	15,827		15,105	
Number of advertising media in trains	9,984		8,944	
Daily hours of operation	19		19	
Minimum train headway in seconds	Morning peak	Evening peak	Morning peak	Evening peak
- Tsuen Wan Line	120	144	120	144
- Kwun Tong Line	128	144	128	144
- Island Line	128	156	128	156
- Tseung Kwan O Line	160	180	N/A	N/A
- Tung Chung Line				
Hong Kong - Tung Chung	480	600	600	600
Hong Kong - Tsing Yi	240	300	300	300
- Airport Express Line	600	600	600	600

International performance comparisons: The 10-member Community of Metros (CoMET)

Metro system network data (2001)	MTR Lines*	Metro A	Metro B	Metro C	Metro D	Metro E	Metro F	Metro G	Metro H	Metro I
Passenger journeys in million	758	402	953	1,434	1,405	1,262	415	503	2,053	3,200
Car kilometres in million	97	134	481	331	526	213	92	81	244	613
Route length in km	74.2	153	415	200	471	211	115	49	177	265
Number of stations	43	170	275	134	424	297	66	46	134	149

* The Airport Express Line is excluded from metro benchmarking

Note: the other metros in the comparison are Berliner Verkehrs - Betriebe, London Underground Limited, New York City Transport Authority, Sistema de Transporte Colectivo, Regie Autonome de Transports Parisiens Metro, Regie Autonome de Transports Parisiens Regional Express Railway, Metroplitano de Sao Paulo, Teito Rapid Transit Authority and Moscow Metro. The benchmarking agreement prohibits specifically identifying the data by metro system.

Operations performance in 2002

Service performance item	Performance Requirement	Custom Service Pledge target	Actual performance in 2002
Train service delivery	98.5%	99.5%	99.9%
Passenger journeys on time			
- MTR Lines	98.5%	99.5%	99.9%
- Airport Express Line	98.0%	99.0%	99.9%
Train punctuality			
- MTR Lines	98.0%	99.0%	99.3%
- Airport Express Line	98.0%	99.0%	99.9%
Train reliability: train car-km per train failure causing delays ≥ 5 minutes	N/A	500,000	620,238
Ticket reliability: magnetic ticket transactions per ticket failure	N/A	7,000	14,664
Add value machine reliability	95.5%	97.5%	99.1%
Ticket issuing machine reliability	93.0%	97.5%	99.3%
Ticket gate reliability	97.0%	99.0%	99.7%
Escalator reliability	98.0%	99.0%	99.9%
Passenger lift reliability	98.5%	99.0%	99.8%
Temperature and ventilation			
- Trains: to maintain a cool, pleasant and comfortable train environment generally at a temperature at or below 26°C	N/A	97.0%	99.8%
- 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	N/A	90.0%	95.2%
Cleanliness			
- Train compartment: cleaned daily	N/A	98.0%	100%
- Train body: washed every 2 days	N/A	98.0%	99.9%