

Since the opening of our first line in Hong Kong some 30 years ago, the size, scale, geographic coverage and diversity of the Company's business activities have steadily developed. Following the Rail Merger, our strategy for future growth has remained firmly on track with significant network expansion in Hong Kong and the capturing of growth opportunities in the Mainland of China and overseas.



**Hong Kong
Passenger Services**



**Station Commercial and
Rail Related Businesses**

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 218.2 kilometres with 84 stations and 68 stops. Our network 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 offering convenient feeder services.

2009 Highlights

- A series of Government approvals paved the way for significant progress in the planning and design of our five strategic rail projects in Hong Kong
- The new LOHAS Park and Austin stations were opened on 26 July 2009 and 16 August 2009 respectively
- Our regular surveys of customer satisfaction levels during the year remained high
- The high standard of achievement reached by our service performance was once more reflected in the winning of a large number of awards

Business Description

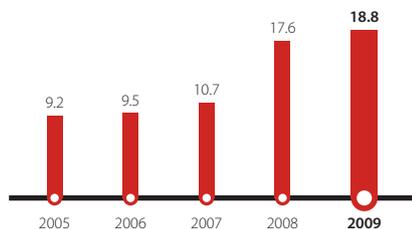
We leverage our railway assets and expertise into additional businesses, including rental of station retail space, advertising in trains and stations, telecommunications, and rail consultancy.

2009 Highlights

- 23 retailers that are new to our network were added
- Advertising innovations included a Digital Panel Network of plasma TVs installed at ten strategic stations
- Full 3G mobile phone coverage was extended to our entire railway network upon completion of 3G coverage along the West Rail Line in August

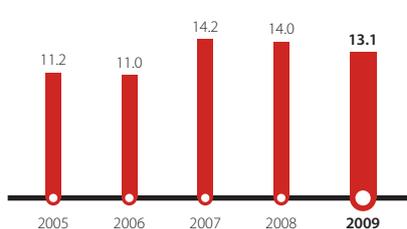
■ Turnover

(HK\$ billion)



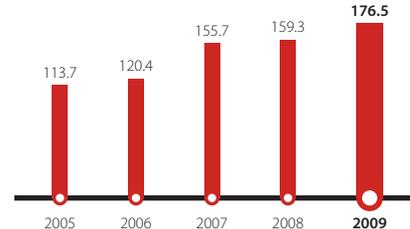
■ Operating Profit before Depreciation and Amortisation

(HK\$ billion)



■ Total Assets

(HK\$ billion)



Property and Other Businesses

Business Description

We develop mainly residential properties in conjunction with property developers. We own investment properties, principally shopping malls and offices, and manage our properties and those of others. Our investment portfolio includes primarily 12 shopping malls in Hong Kong, one shopping mall in Beijing and 18 floors of the Two International Finance Centre office tower in Hong Kong.

2009 Highlights

- Over 90% of the 2,169 units of Lake Silver at Wu Kai Sha were sold and all 1,688 units of Le Prestige at LOHAS Park Package Two were sold by August
- Elements, our premium shopping mall in Hong Kong, won several local and international marketing awards
- Ginza Mall, our first shopping mall in the Mainland of China, continued to raise the bar for service and quality standards in the retail sector in Beijing



Mainland and 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 overseas markets that are privatised or opening to new entrants.

2009 Highlights

- Beijing Metro Line 4 (BJL4) was opened on 28 September 2009, while the Operation and Maintenance Concession Agreement for the Daxing Line, an extension of the BJL4, was signed in December
- Concession Agreements for the Shenzhen Metro Line 4 Build-Operate-Transfer (BOT) project and for the operation and maintenance of Shenyang Metro Lines 1 and 2 were signed in March and May respectively
- We took over the operation of the Stockholm Metro system on 2 November 2009 and the Melbourne metropolitan train network on 30 November 2009, both under eight-year concessions