

In 2000, the Company focused its efforts on aligning its core values, human resources policies and training programmes to meet the challenges of privatisation and a competitive market.

As a publicly listed company, we must build on our strengths and develop new growth initiatives in our business. These challenges are fully embodied in the new Vision and new Mission Statements developed for our identity as a listed company.

During the year, we continued to build on our solid foundations to reinforce the work culture of efficiency and responsiveness. With active participation from staff, a new set of core values was formulated. "Service", "Respect" and "Value" have become the three anchors of our organisation and management ethos. To communicate this new direction and these core values, 11

Commitment Day workshops were organised for over 7,000 staff. To further collect the views of staff following the public listing, the fourth Staff Attitude Survey is planned for mid-2001.

During the year, to achieve better teamwork and efficiency across business units and with external vendors and contractors, our management training team facilitated 52 partnering workshops. These workshops have enhanced communication and trust as well as helped to reduce waste, drive down costs and ensure timely delivery of projects.

The development of a multi-skilled workforce is a strategic initiative critical to the Company's transformation and long-term success. In 2000, we restructured all operations and maintenance training to support the changing railway operations and maintenance strategies. The total operations concept in technical training schemes was also introduced. With facilitation and training, we have paved the way for increasing our multi-skilled teams across all stations and depots in 2001. These teams will assume combined responsibility for operations and maintenance for individual stations.

We have also expanded the flexible staff resource management concept to create greater synergy and more optimal

deployment of skilled staff to meet various operational and project requirements. To support this, a three-grade managerial structure was implemented across the organisation, which will

facilitate de-layering and staff transfers amongst divisions.

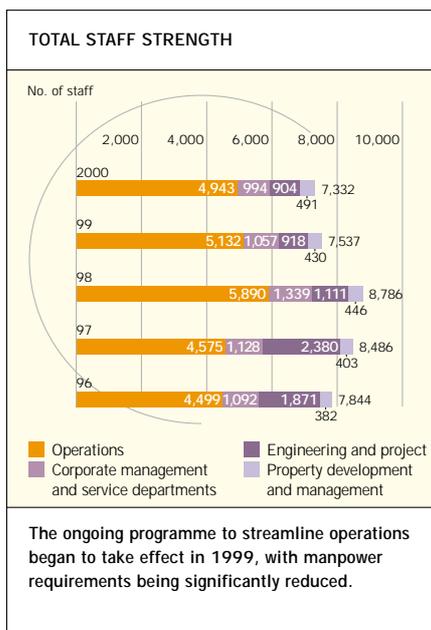
In 2000, we completed two accelerated development programmes for high-potential staff selected at the management and professional levels. In 2001, another programme for managers is scheduled to start to develop the Company's core of future leaders. In addition to these activities, efforts were accelerated to launch e-learning packages, increase computer-based training, and promote language proficiency training in Putonghua and English for all staff.

At the launch of the initial public offering, we introduced an equity-based

incentive scheme to create additional motivation for staff. The scheme included preferential share subscription at the time of the initial public offering, share grants for general staff and share options for management. These incentives will help to align the interests of our employees with those of the Company and its shareholders and ensure that employees share in the future success of the MTR. Response from staff was overwhelmingly positive, with 93% of eligible employees subscribing for MTR shares at the IPO.

With the Mandatory Provident Fund (MPF) legislation coming into effect on 1 December 2000, the Company sought and obtained from the MPF Authority exemption for its existing retirement scheme. In compliance with the legislation, a scheme has been set up and offered as an option to existing retirement scheme members and new recruits.

The MTR has long been recognised as a leader in human resources practices. In 2000, we received the Best Practice Award in training from the *Best Practice Management* magazine, two "Excellence in Practice" citations from ASTD and the Grand Award in 2000 Hong Kong Award for Services: Productivity from the Productivity Council.





93% of our
7,332
strong staff
became
shareholders
of the MTR
in 2000

