

One Hong Kong - One Integrated Railway Network



Welcome to the future of rail transport in Hong Kong - with cheaper travel, better efficiency and more convenience.

A Memorandum of Understanding signed between the HKSAR Government and MTR Corporation has paved the way for the proposed merger of the operations of the MTR Corporation and Kowloon-Canton Railway Corporation. Once merged, the railway system will ensure better planning and development of future railway lines, and the best network connections possible.

Passengers Will Enjoy Significant Fare Reductions

Each day, 2.8 million passenger trips will benefit from different levels of fare reductions. There will be a minimum 10% discount on adult Octopus fares for long distance journeys while medium distance travellers using Octopus will enjoy a minimum 5% fare reduction. All passengers using Octopus will experience the fare benefits immediately upon completion of the merger process. Notably, for adult Octopus users:

- (a) The Second Boarding Charge will be abolished, resulting in fare reductions of HK\$1 to HK\$7 for passengers interchanging between the existing MTR and KCR networks
- (b) All fares will be reduced by HK\$0.2
- (c) Long distance journeys with fares at or above HK\$12 will be reduced by HK\$1
- (d) For those long distance journeys with fares at or above HK\$12 where (a), (b) and (c) do not add up to a 10% saving, a further reduction will be offered to achieve the 10% saving
- (e) Medium distance journeys with fares from HK\$8.5 to HK\$11.9 will be reduced by a minimum of 5%. If (a) and (b) do not add up to a 5% saving, a further reduction will be offered to achieve the 5% reduction



Senior citizens using Elder Octopus will enjoy HK\$2 flat fare for any single rail journey on Sundays and public holidays for one year after the completion of the merger process.

Fare reductions will apply to MTR (excluding Airport Express), West Rail, East Rail (excluding Lo Wu/Lok Ma Chau trips) and Ma On Shan Rail. Within one year of the merged company's first day of operation, the introduction of an integrated single journey ticket will enable single journey ticket users interchanging between the two systems to

also enjoy the reduced fares from elimination of the Second Boarding Charge as well as discounts for medium and long distance journeys. Single journey ticket users not interchanging between the MTR and KCR systems will enjoy discounts on medium and long distance journeys immediately upon the merger. The dollar amount of concessionary fare reductions will be half of the adult fare reductions and students will continue to enjoy fare discount of about 50% when travelling on the MTR system.

An Objective, Transparent and Predictable Fare Adjustment Mechanism

There will be no fare increase for the next 24 months. Assuming the merger will be implemented, the commitment not to raise fares will remain in effect until 10 April 2008. After the merger, an objective, transparent and predictable Fare Adjustment Mechanism (FAM) will be used to adjust rail fares. The FAM will be linked to the changes in the composite Consumer Price Index, the Census and Statistics Department Nominal Wage Index (Transport Sector) and a productivity factor.

A Seamless Travel Experience for Your Convenience

With the merged rail network, travellers can look forward to more convenient interchange arrangements between the current MTR and KCR lines when interchange gates are removed in phases within one year of the first day of operation of the merged company at the key interchange stations of Kowloon Tong, Mei Foo and Nam Cheong. By then, an integrated single journey ticket will also be introduced.

And getting around will be even simpler with just one route map, one train information board, one website and one telephone hotline for railway information.

Creating Career Opportunities

The expansion of the network and business growth of the merged company are expected to create more jobs and exciting new career opportunities for staff. Staff vacancies created after the merger in the first three years will be greater than the estimated positions that are part of the synergies identified.



Investing in the Future

Shareholders can look forward to increased rewards from the growth opportunities projected through the larger railway and property operations. The proposed merger is expected to enhance earnings per share.

Building a Stronger Railway Network for the Future

Of course, all these changes will not happen overnight. The merger will need to be approved by both the Legislative Council and MTR Corporation's minority shareholders, which may take one year or more. But when complete, we will be able to build an even stronger and more seamless railway network to serve you.

