

Business Overview



MTR Corporation Limited

MTR Headquarters Building, Telford Plaza

Kowloon Bay, Kowloon, Hong Kong

GPO Box 9916, Hong Kong

Telephone : (852) 2993 2111

Facsimile : (852) 2798 8822

www.mtr.com.hk



October 2015



caring for life's journeys





Content

Artwork at Sai Ying Pun Station shows the vibrant street life in the surrounding neighbourhood.

1	About MTR
4	Serving Communities
5	Hong Kong Operations and Services
8	MTR System and Properties
10	Railway Related Services
11	Construction
12	Properties
14	China and International Business
16	Finance

About MTR

MTR is regarded as one of the world's leading railways for safety, reliability, customer service and cost efficiency. In addition to its Hong Kong, China and international railway operations, the MTR Corporation is involved in a wide range of business activities including the development of residential and commercial properties, property leasing and management, advertising, telecommunication services and international consultancy services.



Vision, Mission and Values

MTR's successful track record of more than 35 years has been built on a clear vision and set of values that have guided the Corporation and every employee on the way to conduct its business.

Vision

We aim to be a leading multinational company that connects and grows communities with caring service.

Mission

- We will strengthen our Hong Kong corporate citizen reputation
- We will grow and enhance our Hong Kong core business
- We will accelerate our success in the Mainland and internationally
- We will inspire, engage and develop our staff

Values

- Excellent Service
- Mutual Respect
- Value Creation
- Enterprising Spirit

The MTR Story

The MTR Corporation was established in 1975 as the Mass Transit Railway Corporation with a mission to construct and operate, under prudent commercial principles, an urban metro system to help meet Hong Kong's public transport requirements. The sole shareholder was the Hong Kong Government.

The Company was re-established as the MTR Corporation Limited in June 2000 after the Hong Kong Special Administrative Region Government sold 23% of its issued share capital to private investors in an Initial Public Offering. MTR Corporation shares were listed on the Stock Exchange of Hong Kong on 5 October 2000.

The Corporation marked another major milestone on 2 December 2007 when the operations of the other Government-owned rail operator, the Kowloon-Canton Railway Corporation, were merged into the MTR, heralding a new era in Hong Kong railway development.

Other than bringing more efficient and competitively-priced services to local rail passengers, the merger brought new growth opportunities to the MTR Corporation's businesses in and outside of Hong Kong.

Today, along with its transport services in Hong Kong, the Corporation has railway operations serving cities in the Mainland of China, the U.K., Australia and Sweden.

Corporate Governance

The management of the Corporation is overseen by a chief executive officer and an executive committee. They report to a Board headed by a non-executive chairman and made up of local business and community leaders and government representatives.

The Corporation is committed to a high standard of business ethics and integrity. To foster an ethical culture in the workplace, all staff are required to follow a Code of Conduct in their daily duty.



Passenger journeys worldwide(2014)

1.9 Billion
in Hong Kong

1.45 Billion
outside Hong Kong





Construction

Joe Chiu
Senior Construction Engineer - Civil

"Our new railway projects will serve communities in different parts of Hong Kong. Therefore, we make every effort to maintain close contact with local communities to listen to their views and keep them informed of our progress."



Operations

Hon Yat-sum
Train Captain

"My job is challenging as I am responsible for carrying passengers safely to their destinations while helping to ensure that our overall train service remains smooth and punctual."



Projects

Walter Leung
Senior Inspector of Works - Civil

"Underground works for our railway expansion projects vary according to different geological conditions and the construction methods used. We always put safety first and seek to minimise any impacts on the community."

MTR's unique vertically integrated Hong Kong business model seamlessly connects railway service with communities above stations in a way that optimises land use, contributes to the growth of the city and is financially and environmentally sustainable in the long run.

Inside and outside Hong Kong, MTR employees are committed to serving communities with excellence, professionalism and a spirit of continuous improvement.



Property

Mok Chzng-ni
Customer Service Officer

"Working for MTR Malls, my role is not simply to answer customers' enquiries but also to provide them with an excellent customer experience and give them a friendly smile."



Customer services

Hu Binbin
Station Manager, Hangzhou

"Being part of the community, I have to understand the needs of the passengers and strive to provide caring service to them. The praise and trust of passengers encourages me to keep improving our service quality."



Maintenance

Hui Wai-hung
Renewal Inspector-P Way

"Replacing sections of rail track in 3-4 hours overnight requires a high level of skill and outstanding teamwork. It's a great reward to know our work keeps millions of people on the move."

Serving Communities



MTR is a critically important part of the communities it serves, bringing people together and keeping cities on the move. MTR operates on the basis that it must meet the needs of the present while looking ahead to ensure that it can also meet the needs of stakeholders to come.

Meeting Stakeholders' Needs

To provide better and more efficient transportation services and to connect and grow communities, MTR adopts a comprehensive stakeholder engagement approach to its business. The Corporation strives to ensure that customers' needs are met, employees are treated with respect and impacts on the environment are well managed, while making positive contributions to the communities that it serves. Initiatives in these areas are central to MTR's corporate responsibility vision.

Safety First

Maintaining high safety standards across all services and projects is the bedrock of MTR's operations - extending to employees, customers, partners, contractors and anyone legitimately entering MTR facilities.

Environment

MTR aims to be one of the most resource-efficient and ecologically sustainable railway and property service providers in the world. The Corporation is committed to reducing carbon emissions, increasing energy efficiency, protecting important natural habitats and mitigating negative impacts from its operations.

Customers

MTR pursues continuous improvement in its railway and property-related services to further enhance the consistently high standards of customer service and bring more comfort and convenience to passengers' daily journeys.

Stepping Forward for Good Health

Co-organised by the Corporation and the Hong Kong Amateur Athletic Association since 2005, "MTR HONG KONG Race Walking" is a major annual fund-raising event that supports the Hospital Authority Health InfoWorld's work on disease prevention and management.



Staff

MTR strives to inspire, engage and develop its people through programmes to continuously enhance their functional and professional skills, thus supporting their career development, while also promoting healthy living and a good work-life balance.

Contributing to Society

Youth

Young people are future innovators and business partners, hence investing in them is integral to building and sustaining communities. Since 2009, MTR has been organising an annual mentoring programme for secondary school students, "Friend' for Life's Journeys" and "Train' for Life's Journeys" for leadership development.

Arts

Since 1998, the "art in mtr" initiative brings artworks and performances by established and aspiring artists into MTR stations for passengers to enjoy. At the same time, the "art in station architecture" programme continues to enrich the MTR network. Extended art space for community-based works is an integral feature of the three new stations of the Island Line extension to Western District.

Supporting Communities

With the support and encouragement of the Corporation, MTR staff volunteer their time to reach out to the community with over 200 volunteer activities held annually under the "More Time Reaching Community" scheme. The Corporation also leverages on its assets and resources to further support communities in a variety of ways.

Abundant Art

"Blooming Bud" at Kennedy Town Station is a signature art piece for the Island Line extension to Western District. Each of the three new stations has a rich array of art.



Hong Kong Operations and Services



MTR Corporation's safe, reliable and efficient railway network forms the backbone of the extensive public transport network that serves Hong Kong, a city ranked by international surveys as the world's leader in urban mobility. With passengers consistently arriving on time at their destinations 99.9% of the time, more than ever passengers are counting on the MTR to provide fast and convenient connections to most locations in Hong Kong and beyond.



Train service performance in Hong Kong

2.9 Million

Train and light rail trips in Hong Kong (2014)

Train Service

Connecting all corners of the city with over 5.4 million passenger journeys on weekdays, MTR operates nine commuter rail lines serving Hong Kong, Kowloon and the New Territories as well as Light Rail and MTR Bus services in the Northwest New Territories. Train stations are designed for seamless interchange to ensure a smooth flow of passengers throughout the day. In addition, the Corporation operates the Airport Express to Hong Kong International Airport and AsiaWorld-Expo. Intercity services connect Hong Kong with Beijing, Shanghai and a number of cities in Guangdong Province in the Mainland of China. Major investment in the Hong Kong railway system supports long term service growth with contracts signed in 2015 for the replacement of 93 urban line trains with new trains with advanced operating equipment and new service features, and the replacement of signalling systems to increase passenger capacity.

Customer Service

MTR is committed to enhancing the customer experience with a focus on meeting the needs of different passenger groups. Through the Listening · Responding programme, facility and service improvements are continuously delivered in direct response to the feedback from customers. Examples include the provision of additional train services for more comfortable passenger journeys, improvements to station access with installation of more lifts, escalators and wide gates, as well as the adoption of advanced technology solutions for better customer communications. Frontline staff are supported to develop a truly customer-centric service approach through specially tailored training programmes provided by the MTR Academy for Excellent Service.

Operations Control Centre

A state-of-the-art Operations Control Centre lies at the heart of MTR's Hong Kong heavy rail operations. From one centralised location in Tsing Yi, controllers monitor and regulate heavy rail operations, signalling, maintenance and environmental conditions inside railway stations. Having an overall picture of the entire integrated rail network makes it easier for staff to take quick and effective decisions when different situations arise. Railway services are delivered at consistently high standards of safety and reliability all year round through MTR's automatic train operations. For the Light Rail network, a separate control centre in Tuen Mun serves as the hub for monitoring and regulating operations.



Hong Kong Operations and Services

Depots

MTR's reliable train service performance is sustained by stringent standards for rolling stock maintenance and repairs, advanced asset management systems and a dedicated workforce. More than 2,000 train and light rail cars are serviced at nine maintenance depots located in Kowloon Bay, Tsuen Wan, Chai Wan, Tseung Kwan O, Siu Ho Wan, Ho Tung Lau, Tai Wai, Pat Heung and Tuen Mun. Three depots for buses are located in Tuen Mun, Tai Po and Hung Shui Kiu. Hong Kong's first depot for fully automatic train operations has been built at Wong Chuk Hang as part of the South Island Line (East) railway project.



MTR invests more than HK\$6 billion every year to upgrade, maintain and replace railway infrastructure and assets to maintain high quality train services.

Track and Systems Maintenance

Unseen by passengers, the MTR network is bustling with activity during overnight non-service hours as maintenance crews undertake essential inspection, repair and replacement of railway systems and equipment. To optimise this important work during the small window of time available, an advanced artificial intelligence system is used to automate the scheduling of nightly engineering work.

	Kwun Tong Line (Tiu Keng Leng to Yau Ma Tei)	Tsuen Wan Line (Tsuen Wan to Central)	Island Line (Chai Wan to Kennedy Town)	Tung Chung Line (Tung Chung to Hong Kong)	Tseung Kwan O Line (Po Lam/LOHAS Park to North Point)	Disneyland Resort Line (Sunny Bay to Disneyland Resort)	East Rail Line (Lo Wu/Lok Ma Chau to Hung Hom)	Ma On Shan Line (Wu Kai Sha to Tai Wai)	West Rail Line (Tuen Mun to Hung Hom)	Airport Express (AsiaWorld-Expo to Hong Kong)	Light Rail (Tuen Mun/Yuen Long/ Tin Shui Wai)
Route Length (km)	11.2	16	16	31.1	11.9	3.3	41.1	11.4	35.4	35.2	36.2
Number of Train											
Morning Peak	30	34	35	13	16	2	32	13	26	7	130
Evening Peak	27	34	33	13	16	2	28	10	22	7	126
Length of Train	182 metres	182 metres	182 metres	184 metres	182 metres	91 metres	292 metres	99 metres	175 metres	184 metres	20 metres per car
Car Capacity	39-45 seated and 268-272 standing	39-45 seated and 268-272 standing	39-45 seated and 268-272 standing	48 seated and up to 265 standing	39-45 seated and 268-272 standing	60 seated and up to 120 standing	52 seated and up to 286 standing First class compartment: 72 seated and up to 144 standing	52 seated and up to 286 standing	52 seated and up to 286 standing	64 seated	43 seated and up to a range from 161 to 212 standing
Quiet Car	/	/	/	/	/	/	Available	Available	Available	Available	/
Speed											
Average	33 kph	33 kph	33 kph	80 kph	33 kph	55 kph	50 kph	38 kph	56 kph	80 kph	-
Maximum	80 kph	80 kph	80 kph	135 kph	80 kph	80 kph	120 kph	100 kph	130 kph	135 kph	80 kph
Frequency (weekday)											
Morning Peak (sec)	126	120	112	240 to 480 between Tung Chung and Tsing Yi 240 between Tsing Yi and Hong Kong	153 to 246 between Po Lam and North Point 400 between LOHAS Park and North Point	270	164	180	171	600	240-1080
Evening Peak (sec)	140	120	124	240 to 480 between Tung Chung and Tsing Yi 240 between Tsing Yi and Hong Kong	153 to 246 between Po Lam and North Point 400 between LOHAS Park and North Point	270	200	240	210	600	240-1080
Journey Time (min)	27	30	31	27	Po Lam to North Point: 15 LOHAS Park to North Point: 20	4.5	Lok Ma Chau to Hung Hom: 45 Lo Wu to Hung Hom: 42	16	37	AsiaWorld-Expo to Hong Kong: 28 Airport to Hong Kong: 24	-
Maintenance Depot	Kowloon Bay	Tsuen Wan	Chai Wan	Siu Ho Wan	Tsueng Kwan O	Siu Ho Wan	Ho Tung Lau	Tai Wai	Pat Heung	Siu Ho Wan	Tuen Mun
Control Room	Tsing Yi	Tsing Yi	Tsing Yi	Tsing Yi	Tsing Yi	Sunny Bay	Tsing Yi	Tsing Yi	Tsing Yi	Tsing Yi	Tuen Mun

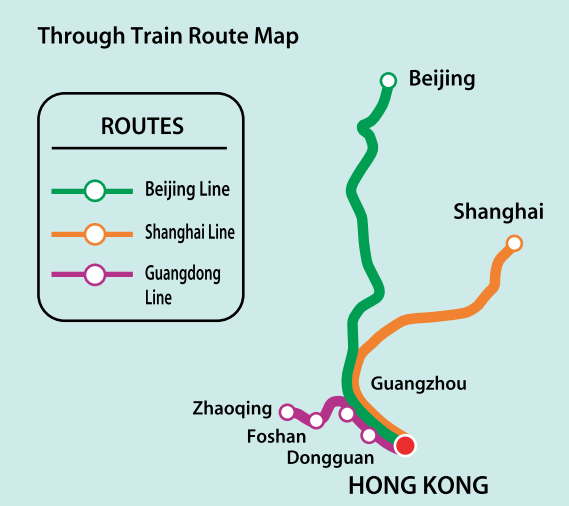
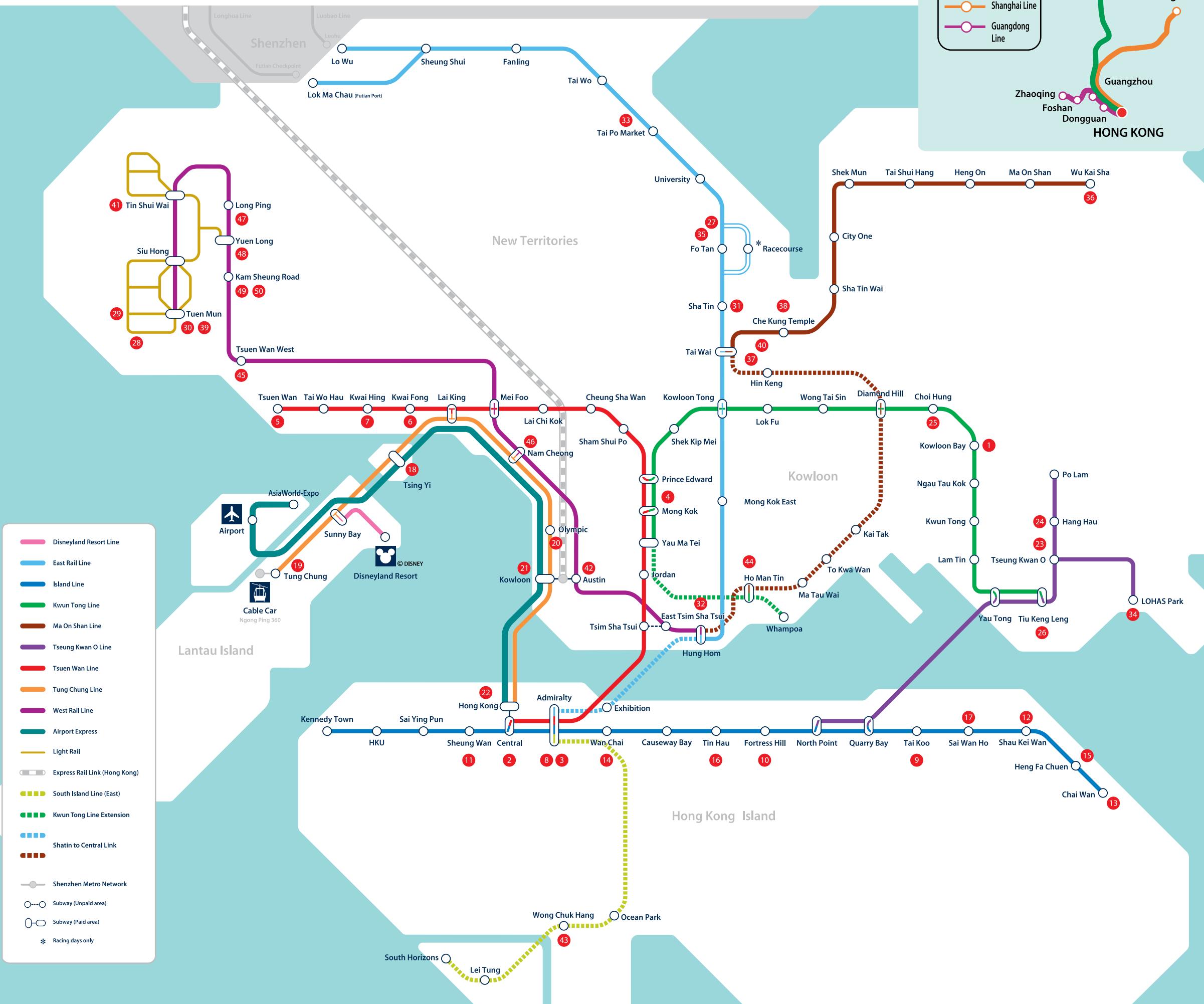
Total Route Length (MTR, Airport Express and Light Rail) : 220.9 km

MTR Railway Lines	Kwun Tong, Tsuen Wan, Island, Tung Chung, Tseung Kwan O, Disneyland Resort, East Rail, Ma On Shan and West Rail Lines	Airport Express	Light Rail
Total route length	177.4 km	35.2 km (on mainly shared tracks with Tung Chung Line)	36.2km
Total number of stations	85	5 (3 are integrated with Tung Chung Line)	68
Number of train cars	1,877	88	140
Daily hours of operation	19 (except East Rail Line and Ma On Shan Line: 19.5)	19	19
Designed maximum one-direction loading per hour	Tung Chung Line - 45,000; Kwun Tong, Tsuen Wan, Island and Tseung Kwan O lines - 85,000; Disneyland Resort Line - 10,800; East Rail Line - 101,000; Ma On Shan Line - 32,000; West Rail Line - 64,000	6400	-

Rapid Response Units

To minimise the inconvenience caused by delays, which happen in complex railway systems from time to time, MTR deploys specialised Rapid Response Units for tactical maintenance handling and swift service recovery. Experts from the Infrastructure Maintenance Rapid Response Unit are strategically deployed in the rail network, so they can be first on the scene to immediately start recovery work, while the Customer Service Rapid Response Unit provides special crowd management measures to assist passengers. In addition, mobile recovery units of the Rolling Stock Rapid Response Unit can be quickly deployed to the scene of service disruptions to rectify train faults.

MTR System and Properties



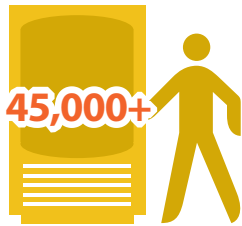
- Properties Owned / Developed / Managed by the Corporation**
- 1 Telford Gardens / Telford Plaza I and II
 - 2 World-wide House
 - 3 Admiralty Centre
 - 4 Argyle Centre
 - 5 Luk Yeung Sun Chuen / Luk Yeung Galleria
 - 6 New Kwai Fong Gardens
 - 7 Sun Kwai Hing Gardens
 - 8 Fairmont House
 - 9 Kornhill / Kornhill Gardens
 - 10 Fortress Metro Towers
 - 11 Hongway Garden / Infinitus Plaza
 - 12 Perfect Mount Gardens
 - 13 New Jade Garden
 - 14 Southorn Garden
 - 15 Heng Fa Chuen / Heng Fa Villa / Paradise Mall
 - 16 Park Towers
 - 17 Felicity Garden
 - 18 Tierra Verde / Maritime Square
 - 19 Tung Chung Crescent / Citygate / Novotel Citygate / Seaview Crescent / Coastal Skyline / Caribbean Coast
 - 20 Central Park / Island Harbourview / Park Avenue / Harbour Green / Bank of China Centre / HSBC Centre / Olympian City One / Olympian City Two
 - 21 The Waterfront / Sorrento / The Harbourside / The Arch / Elements / The Cullinan / The Harbourview Place / W Hong Kong / International Commerce Centre / The Ritz-Carlton, Hong Kong
 - 22 One International Finance Centre / Two International Finance Centre / IFC Mall / Four Seasons Hotel / Four Seasons Place
 - 23 Central Heights / The Grandiose / The Wings / PopCorn 1 / PopCorn 2 / Crowne Plaza, Hong Kong, Kowloon East / Holiday Inn Express, Hong Kong, Kowloon East / Vegas Suites
 - 24 Residence Oasis / The Lane
 - 25 No. 8 Clear Water Bay Road / Choi Hung Park & Ride
 - 26 Metro Town
 - 27 Royal Ascot / Plaza Ascot
 - 28 Ocean Walk
 - 29 Sun Tuen Mun Centre / Sun Tuen Mun Shopping Centre
 - 30 Hanford Garden / Hanford Plaza
 - 31 Citylink Plaza
 - 32 MTR Hung Hom Building / Hung Hom Station Carpark
 - 33 Trackside Villas
 - 34 The Capitol / Le Prestige / Le Prime / La Splendeur / Hemera
 - 35 The Palazzo
 - 36 Lake Silver
 - 37 Festival City
 - 38 The Riverpark
 - 39 Century Gateway / Century Gateway II
 - 42 The Austin / Grand Austin
 - 45 City Point
- Property Developments under Construction / Planning**
- 34 LOHAS Park Package 4-10
 - 40 Tai Wai Station
 - 41 Tin Wing Stop
 - 43 Wong Chuk Hang Station
 - 44 Ho Man Tin Station
- West Rail Line Property Development (As Agent for the Relevant Subsidiary of KCRC)**
- 39 Century Gateway / Century Gateway II
 - 45 Tsuen Wan West Station (TW5) Bayside / Tsuen Wan West Station (TW6) Cityside / Tsuen Wan West Station (TW6) / City Point
 - 46 Nam Cheong Station
 - 47 The Spectra / Long Ping Station (South)
 - 48 Yuen Long Station
 - 49 Kam Sheung Road Station
 - 50 Pat Heung Maintenance Centre

Railway Related Services

High speed mobile and data services keep passengers seamlessly connected throughout their journeys while an attractive mix of station retail outlets and services add to the outstanding convenience of travel on the MTR. Earnings from station retail rentals and advertising also make MTR a leader among the world’s metros in non-farebox revenues.



Station retail outlets (June 2015)



Advertising units in stations + trains (June 2015)

Station Retail

Whether passengers are going to and from work or school or are out to enjoy leisure activities, MTR stations provide convenient places for passengers to enjoy a wide variety of goods and services on offer – everything from fashion to food, health and beauty, books, banking, convenience stores, shoe repairs and travel services.

With MTR stations being used by millions of passengers a day, occupancy rates in these locations have always been high, benefitting from Hong Kong’s favourable economic climate.

More user-friendly services along the railway alignment include shopping centres; duty-free shops at Lo Wu, Lok Ma Chau and Hung Hom stations; exhibition space; ATMs; public car parks; and park and ride services for passengers.

Advertising

Innovative advertising and promotion campaigns are a well-established feature of the MTR network. MTR uses traditional and digital advertising panels, free-standing displays, concourse and trackside plasma screens, as well as the multi-media broadcast service on board trains, and free publications to create opportunities for advertisers to reach large numbers of targeted consumers.

Telecommunications

MTR passengers can easily stay connected as they travel around the railway network. MTR was among the first railways in the world to introduce 4G mobile phone services, allowing passengers to access the Internet and other high speed data services via their mobile devices. Free Wi-Fi services are also available at all MTR stations.

MTR Mobile

With more than 2.7 million users, the multi-award-winning MTR Mobile app provides an easy-to-use and convenient solution to journey planning on the MTR. Point-to-point search, fare information, recommended routing, estimated journey time, first/last train schedule and station services are just some of the functions available to users at their fingertips. An upgrade in 2014 added enhanced audio information and control functions for visually impaired passengers.

In addition, Traffic News provides push notification when tropical cyclones are affecting Hong Kong, of special train service arrangements during festive holidays as well as alerts when train service has been or is expected to be seriously delayed. The Next Train app provides passengers with real-time information on train services for the Airport Express, Tung Chung Line, West Rail Line and Tseung Kwan O Line.

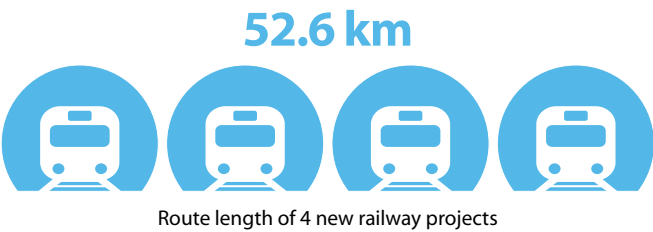


MTR stations provide a wide range of shops and facilities for the convenience of passengers.

Construction



For more than 35 years, MTR has been delivering major railway infrastructure projects to world-class design and engineering standards. Extensive network expansion projects currently underway will help to drive Hong Kong forward as a vibrant, connected and sustainable city for generations to come. The first of these projects, the Island Line extension to Western District, was opened for service in December 2014.



Building Hong Kong’s Public Transport Backbone

Hong Kong’s urban metro system began to take shape in 1979 with the commissioning of the Modified Initial System which forms part of what is now the Kwun Tong Line. A year later, the first cross-harbour rail link connecting Hong Kong Island and the Kowloon peninsula opened for service, bringing profound changes in the way Hong Kong people commute. Subsequent milestones included the opening of the Tsuen Wan Extension (1982), the Island Line (1986), and the second rail link across the harbour (1989).

The HK\$35 billion Airport Railway project comprising the Airport Express and the commuter Tung Chung Line went into service in 1998, followed by the Tseung Kwan O Line (2002) and LOHAS Park extension (2009). Most recently, the Island Line was extended to the western tip of Hong Kong Island with two new stations opening in December 2014, followed by Sai Ying Pun Station in March 2015.

As a result of these projects, the Corporation today has a team of highly capable professionals whose experience in project design, construction and management make them ideally suited to undertake Hong Kong’s newest rail projects.

To manage the critical relationships that contribute to effective project delivery, MTR engages in extensive community and stakeholder engagement from the initial planning stage right through to construction and project delivery.



Train service commenced on the 3-km Island Line extension to Western District on 28 December 2014.

New Projects in Hong Kong

South Island Line (East)

Construction of the 7-km South Island Line (East) project began in 2011. It will extend rail service from Admiralty to the southern part of Hong Kong Island for the first time, via new stations at Ocean Park, Wong Chuk Hang, Lei Tung and South Horizons.

Guangzhou-Shenzhen-Hong Kong Express Rail Link

Works commenced on the 26-km Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link in 2010. When completed, the link will connect the terminus in West Kowloon directly to the National High-speed Rail Network with frequent services to targeted major Mainland cities.

Shatin to Central Link

This is a 17-km strategic railway line that comprises first, the extension of the Ma On Shan Line from Tai Wai via East Kowloon to Hung Hom where it will connect with the West Rail Line. The second phase will see the extension of the East Rail Line from Hung Hom across Victoria Harbour to Hong Kong Island. Construction works commenced in 2012.

Kwun Tong Line Extension

The 2.6-km railway extension will connect the existing Kwun Tong Line terminus at Yau Ma Tei to the Whampoa area with an intermediate station at Ho Man Tin. Eventually Ho Man Tin Station will become an interchange station with the Shatin to Central Link. Construction works commenced in 2011.



On-track testing for the South Island Line (East) began in April 2015.

Properties

Through its successful rail plus property development model, MTR Corporation not only builds new railway lines but also plans and creates fully integrated commercial and residential communities along the railway alignment. This enhances land values and stimulates patronage. Profits generated from property sales can be used to finance new railway projects. Fares can thus be kept at reasonable levels without the need for government subsidies.

Property Development

The Corporation has completed developments at 39 MTR stations, providing some 100,000 housing units and more than 2 million square metres of commercial space.

The rail merger in 2007 further enhanced the Corporation's already solid property portfolio, with the addition of eight property sites along the East Rail Line, Ma On Shan Line, Light Rail and the Kowloon Southern Link (now in service as part of the West Rail Line), as well as investment properties under development.

Property projects are currently under development along the Light Rail, Tseung Kwan O Line, Ma On Shan Line, Tung Chung Line as well as the West Rail Line.

Completed projects of note include the 118-storey International Commerce Centre at Kowloon Station in West Kowloon and the 88-storey Two IFC at Hong Kong Station in the central business district on Hong Kong Island. They are Hong Kong's tallest buildings.



MTR's First Self-Developed Mall

Building on the success of Maritime Square above Tsing Yi Station, the Corporation will convert the adjacent Tsing Yi Lorry Park into a shopping mall, which will add about 12,100 square metres of gross floor area to Maritime Square. This will be the Corporation's first self-developed shopping mall in Hong Kong.

Two future additions to MTR's shopping centre portfolio will be retail malls in Tai Wai and LOHAS Park, while Telford Plaza will be expanded to meet the growing demand for retail services in East Kowloon. Together with the Maritime Square expansion, these projects will increase the attributable gross floor area of our existing retail portfolio by approximately 40%.

MTR Malls

Office buildings aside, the Corporation also owns and manages 13 retail complexes throughout Hong Kong. The flagship shopping centre in its portfolio is ELEMENTS. The 82,750 square-metre luxury shopping space above Kowloon Station is home to the world's most coveted brand names and is a lifestyle shopping destination.

MTR Malls is an industry leader in reducing environmental impacts at its properties, including through the installation of energy saving equipment and commitment to waste reduction programmes.

The outstanding performance of MTR Malls has been widely recognised over the years with numerous awards for providing outstanding shopping and customer experiences.



Premier Property Management Service

Through the day-to-day management of over 93,000 residential units and five office buildings (763,018 square metres of commercial and office space), the Corporation is one of the largest property managers in Hong Kong.

MTR's property management teams provide high quality living and working environments and excellent services to residents, tenants and owners alike. To actively promote environmental protection and waste reduction, waste recycling schemes have been introduced at all managed properties and extended in recent years to cover glass bottles and food waste.

At luxury residential and commercial properties, Premier Plus management delivers the highest quality of services along with hospitality standards matching those of international five-star hotels.

Building New Communities for Hong Kong

In new railway extensions under construction, MTR is planning for property developments at Wong Chuk Hang along the South Island Line (East) and at Ho Man Tin along the Kwun Tong Line Extension.

In view of the market demand for more land supply, the Corporation will continue to explore opportunities for property developments along the railway lines.

The rail plus property development model will continue to be used to finance future railway projects in Hong Kong and to bring ever more efficient rail services as well as quality living and working communities to Hong Kong's growing population

More details of the Corporation's property business are available at: www.mtr.com.hk



Managed residential flats in Hong Kong (2015)












Square metres of managed commercial and office space in Hong Kong (2015)



China and International Business



Building on its world-class railway services in Hong Kong, over the past decade MTR Corporation has taken its expertise in railway development and operations to major cities in the Mainland of China, the United Kingdom, Sweden and Australia. To meet the needs of different cities, the projects are structured as Public-Private-Partnerships, including Build-Operate-Transfer, and Operations and Maintenance concessions.

	Commencement of Operations	Route Length (km)	No of Stations*	Patronage (million, 2014)
London Overground 	Nov 2007	167	81	114.8
Stockholm Metro 	Nov 2009	110	100	329.4
Melbourne Metro 	Nov 2009	390	218	222.2
MTR Express 	Mar 2015	455	5	n/a
Crossrail (Phase 1 branded as "TfL Rail") 	May 2015	32.5	12	n/a
Beijing Metro Line 4/ Daxing Line 	Sep 2009 / Dec 2010	28/22	24/11	461
Beijing Metro Line 14 Phase 1/ Phase 2 	May 2013 / Dec 2014	12.4 / 14.8	7 / 12^	18
Shenzhen Metro Longhua Line# 	Phase 1 : Jul 2010 Phase 2 : Jun 2011	20.5	15	168.7
Hangzhou Metro Line 1 	Nov 2012	48	31	144.4

#Shenzhen Metro Longhua Line Phase 1 assets are owned by the Shenzhen Municipal Government

^10 stations opened and 2 are currently bypassed

* Stations managed by MTR subsidiaries / affiliates. In the case of MTR Express, the tracks and stations are wholly owned and operated and maintained by the government.



For existing railway operations outside Hong Kong



In Mainland China and international subsidiaries and joint ventures (as at 31 Dec 2014)

Railways in Mainland of China

The Corporation operates railway services to the highest international standards on newly-built lines in Beijing, Shenzhen and Hangzhou. Beijing rail lines are operated by Beijing MTR Corporation Limited (Beijing MTR), a joint venture company comprising MTR Corporation, Beijing Infrastructure Investment Co. Ltd. and Beijing Capital Group. These lines include:

- Beijing Metro Line 4, a RMB15.3 billion Public-Private Partnership (PPP) project,
- Beijing Metro Daxing Line, an extension of Line 4, and
- Beijing Metro Line 14, a RMB50 billion PPP, which is opening in phases with full line operation after 2017.

A Concession Agreement for Beijing Line 16, a RMB49.5 billion PPP, was initialled in February 2015. Phase 1 service is scheduled to commence by the end of 2016.

In July 2010, the Corporation's wholly-owned subsidiary MTR Corporation (Shenzhen) Limited took over operations of Phase 1 of Shenzhen Metro Longhua Line (Line 4). Phase 2 of the line, a 16-km, 10-station extension constructed by MTR (Shenzhen) opened in June 2011. The RMB6 billion project is funded on a Build-Operate-Transfer model.

Hangzhou Metro Line 1, which started service in November 2012, is a RMB22 billion joint venture PPP project between MTR and Hangzhou Metro Group Co. Ltd.

Property in Mainland of China

Tiara, MTR's first property development in Mainland China, is conveniently situated above the depot of the Shenzhen Metro Longhua Line. The site has a developable gross floor area of over 200,000 square metres. MTR won the bid for the site in August 2011, and successfully launched the pre-sale of residential units in 2015.

In August 2013, MTR won the bid for a site at Beiyunhe Station along Tianjin Metro Line 6 through a joint venture with Tianjin Metro (Group) Company Ltd. A mixed use development of over 270,000 square metres will be built at the Tianjin site.

International Railways

Through its international business, the Corporation has delivered significant enhancements to train service performance as well as customer service improvements to existing rail lines in London, Stockholm and Melbourne through Operations and Maintenance concessions.

MTR's international business includes:

- 60% interest in Metro Trains Melbourne Pty. Ltd. (MTM) in Australia,
- 100% interest in MTR Stockholm AB (MTRS) in Sweden,
- 50% interest in Tunnelbanan Teknik Stockholm AB (TBT), which maintains rolling stock for MTRS, and
- 50% interest in London Overground Rail Operations Limited (LOROL) in the UK.

In 2015, the Corporation has also launched new services in UK and Sweden with its wholly-owned MTR Corporation (Crossrail) Limited and wholly-owned MTR Express (Sweden) AB. The first phase of the future Crossrail concession in London opened in May 2015, initially branded as "TfL Rail", while the MTR Express premium intercity service between Stockholm and Gothenburg commenced service in March 2015. In addition, the Northwest Rapid Transit Consortium, of which MTR is a shareholder, is participating in the Sydney Metro Northwest project in Australia.

New and Future Railway Services

Crossrail (London)

MTR Corporation (Crossrail) Limited was awarded the operating concession for future Crossrail services by Transport for London in July 2014. Crossrail is a new 118-km high frequency, high capacity railway for London which will open in phases starting from 2015 to 2019. The service is initially branded as "TfL Rail" as it commenced the first phase of operations from Liverpool Street to Shenfield in May 2015.



Sydney Metro Northwest

MTR is a member of the Northwest Rapid Transit consortium which was awarded the Operations, Trains and Systems Public-Private Partnership contract for the project by Transport for New South Wales in September 2014. MTR Corporation will be responsible for the procurement and construction of E&M systems and rolling stock, and the future operation of Sydney Metro Northwest, a 36-km line which will be Australia's first fully-automated rapid transit rail system when it opens in 2019.



Consultancy and Contracting Services

The Corporation offers worldwide consultancy and contracting services on railway planning, design management, system integration and assurance, project management, construction management, railway operations and maintenance and non-fare revenue business. The Corporation has offered services to a number of railway and metro companies, government authorities and rail system suppliers in Australia, Mainland of China, India, the Middle East, Latin America and Southeast Asia. Locally in Hong Kong, MTR has been providing operation and maintenance services for the Automated People Mover (APM) at Hong Kong International Airport. The APM is currently being expanded to match the growth in air travel.





A sustainable business model is key to the long-term success of MTR as it allows the Corporation to provide reasonable returns to capital providers while maintaining high quality railway service and achieving its objectives in a responsible and sustainable manner.

MTR Corporation operates an integrated railway network in Hong Kong comprising the MTR-built and owned metro railway lines and since 2 December 2007, the regional rail lines of the Kowloon-Canton Railway Corporation (KCRC) under a service concession arrangement. MTR is listed on the Stock Exchange of Hong Kong with a market capitalisation of HK\$185 billion as of 31 December 2014.

MTR-owned Railway

The MTR-owned railway system is a multi-billion dollar investment comprising six commuter lines and the premium Airport Express service. The system has a total route length of 96.8 km and was constructed at a cost of HK\$96.4 billion.

Since the commencement of MTR operations in 1979, the Corporation's fare revenue has grown as a result of patronage and fare increases. Other recurring revenue comes mainly from property rental and management, station retail rental and advertising, provision of telecommunications coverage within the railway network, and provision of international rail consultancy services.

The Corporation's operating costs, which principally comprise staff costs, energy costs, repairs and maintenance, and station commercial related business expenses, have been well contained in relation to

revenue growth. Operating margins have been maintained at a satisfactory level.

Profits from property developments on sites along the railway are important contributions to the Corporation's overall return on investment.

Rail Merger with KCRC

The rail merger with KCRC became effective on 2 December 2007 and involves, among other things, the expansion of the MTR Corporation's existing franchise under the MTR Ordinance to provide the Corporation with the right to operate both the MTR and KCR railways for an initial period of 50 years from the merger date. At the same time, the Corporation acquired from KCRC certain property development rights, investment properties and property management rights.

The KCR railway system under the service concession arrangement consists mainly of East Rail Line, West Rail Line, Ma On Shan Line, Light Rail, intercity passenger services as well as bus services. The property interests acquired from KCRC have increased both the land bank and the investment property portfolio of the Corporation, resulting in bigger property development potential and enhanced property rental income.

Five Year Financial Statistics	2014	2013	2012	2011	2010
Consolidated Profit and Loss Account (HK\$ million)					
Turnover	40,156	38,707	35,739	33,423	29,518
Operating profit before depreciation, amortisation and variable annual payment	19,639	15,795	16,133	17,058	14,951
Depreciation and amortisation	3,485	3,372	3,208	3,206	3,120
Interest and finance charges	545	732	879	921	1,237
Investment property revaluation gain/(loss)	4,035	4,425	3,757	5,088	4,074
Profit for the year	15,797	13,208	13,514	15,688	12,844
Profit attributable to equity shareholders arising from underlying businesses	11,571	8,600	9,618	10,468	8,657
Dividend proposed and declared	6,116	5,335	4,575	4,396	3,405
Earnings per share (HK\$)	2.69	2.25	2.31	2.69	2.21
Consolidated Balance Sheet (HK\$ million)					
Total assets	227,152	215,823	206,687	197,684	181,660
Loans, other obligations and bank overdrafts	20,507	24,511	23,577	23,168	21,057
Obligations under service concession	10,614	10,658	10,690	10,724	10,749
Deferred income	765	623	488	403	605
Total equity attributable to equity shareholders	163,325	152,557	142,904	131,907	121,914
Financial Ratios					
Operating margin (%)	38.4	37.2	36.1	36.3	37.0
Operating margin (excluding Mainland of China and international subsidiaries) (%)	53.1	53.4	53.6	55.6	55.1
Net debt-to-equity ratio (%)	7.6	11.8	11.0	11.6	12.3
Interest cover (times)	15.2	11.5	13.0	14.5	10.5

Financing

The Corporation finances its operating and capital requirements through a variety of means including debt and equity issuance, income from railway and related operations, and profits from property development, investment and management.

All its external debt financing and related hedging activities are conducted in accordance with the Preferred Financing Model, which seeks to diversify risks by specifying the preferred mix of fixed and floating rate debt, the permitted level of foreign currency debt, a well-balanced spread of loan maturities and use of different types of instrument.

Credit Rating

The Corporation was the first Hong Kong corporate entity to obtain internationally recognised credit ratings and has since maintained investment grade ratings on par with the Hong Kong Special Administrative Region Government. Currently, its foreign currency debts are rated AAA, Aa1 and AA+ respectively by Standard & Poor's, Moody's and Rating and Investment Information Inc. of Japan.

HONG KONG RAILWAY OPERATIONS AT A GLANCE (2014)



Light Rail Stops
68

87 Heavy Rail Stations



220.9 Kilometres of Track



2,106 Rail Cars



Train and Light Rail Trips Operated

2.9 Million



99.9% On-time Passenger Service



Passenger Journeys
1.9 Billion

