

Business Overview



caring for life's journeys





An artwork at Lei Tung Station illustrates the landscape and customs of the Southern District.

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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.

V

Vision

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

- We will strengthen our Hong Kong corporate citizen reputation
- We will grow and enhance our Hong Kong core business

M

Mission

- We will accelerate our success in the Mainland and internationally
- We will inspire, engage and develop our staff

V

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.

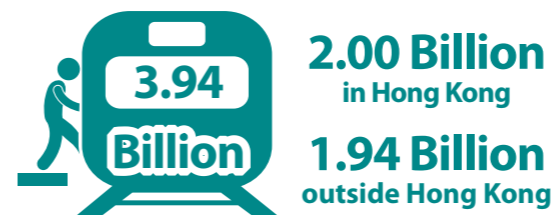
Other than bringing more efficient and competitively-priced services to local rail passengers, the merger brought new growth opportunities to the MTR Corporation's businesses in and outside of Hong Kong.

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 (2017)





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.”

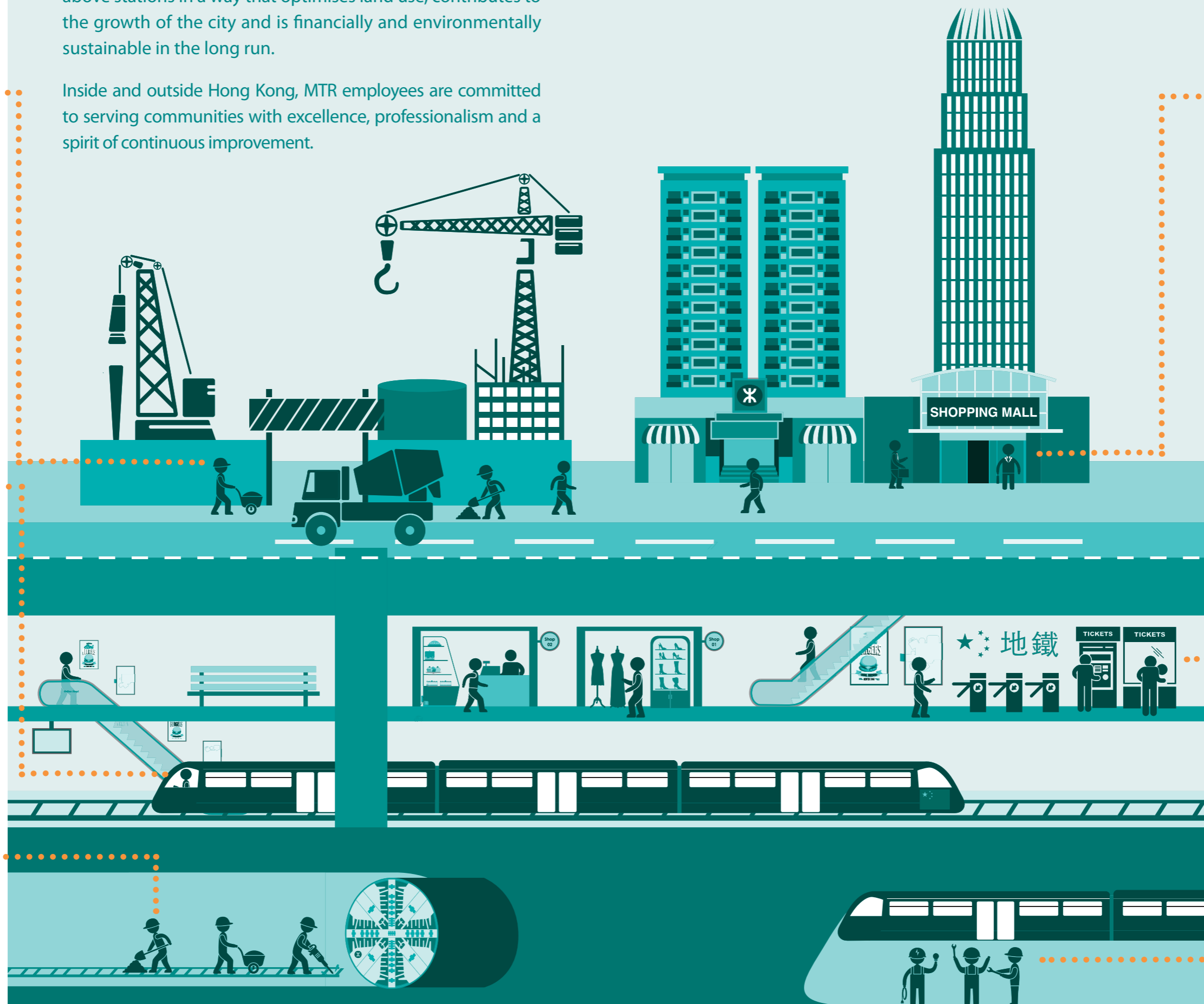


Projects

Cheung Ying-sum
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
Senior Station Master (Hangzhou Metro)
“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

Chui 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

The Corporation sponsors "Youth.Run Our City" to offer free running training to students from districts all over Hong Kong with the aim to encourage the youth to develop healthy habits at a young age while also promoting the Corporation's commitment to connect with the communities.



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.

Community Connect

MTR Corporation leverages its assets, skills, and resources to connect, grow and support communities. Community Connect is a platform for initiatives that support everyone from the young to the old, while also making Hong Kong a great place to live and work.

Youth

Young people are future leaders, innovators and game changers. Supporting their development is an investment in the future. The Corporation organises and supports programmes to empower young people to develop skills that employers need, build their confidence, and motivate them to create a better future for themselves and their communities.

Working in Communities

Under the "More Time Reaching Community" scheme, MTR staff engage in community services that benefit people in need. The Corporation also provides support to non-government organisations by offering them free advertising space in stations to raise awareness about various social causes.

Culture in Communities

The Art in MTR programme integrates eye-catching sculptures, installations and mosaics into station architecture. Over 70 artworks by local and international artists are installed in MTR stations. The Corporation also facilitates emerging Hong Kong artists to stage art-related activities or displays in stations and malls.



"Morning Dynamics" is a newly installed art piece at Quarry Bay Station.

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



Train and Light Rail trips in Hong Kong (2017)

Train Service

Connecting all corners of the city with about 5.8 million passenger journeys on weekdays, MTR operates 10 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 Asia World-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 advanced trains, and the replacement of signalling systems.

Customer Service

MTR is committed to enhancing the customer experience with a focus on meeting the needs of different passenger groups. Facility and service improvements are continuously delivered in direct response to the feedback from customers. Examples include the provision of additional train services, improvements to station access with installation of more lifts, escalators and wide gates, as well as enhanced customer communications technologies. Frontline staff receive extensive training to deliver high quality, customer-centric services.



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. For the Light Rail network, a separate control centre in Tuen Mun serves as the hub for monitoring and regulating operations.



New Railway Services

South Island Line

With the opening of the 7-km South Island Line in December 2016, MTR train service extended to reach all 18 districts of Hong Kong. The Fully Automatic Operation (FAO) South Island Line connects Admiralty Station in the city centre with new stations at Ocean Park, Wong Chuk Hang, Lei Tung and South Horizons to provide passengers with more travelling convenience.

Kwun Tong Line Extension

Railway service on the Kwun Tong Line was extended from Yau Ma Tei Station to the new Whampoa Station via a new intermediate station at Ho Man Tin in October 2016. The new line connects more communities to MTR's integrated Hong Kong railway network, providing passengers with reduced journey times and seamless interchange to travel to different parts of the city.

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 was built at Wong Chuk Hang as part of the South Island Line railway project.



MTR invests more than HK\$8.6 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.

Total Route Length (MTR, Airport Express and Light Rail) : 230.9 km (as at 2017)

MTR Railway Lines	Kwun Tong, Tsuen Wan, Island, Tung Chung, Tseung Kwan O, Disneyland Resort, East Rail, Ma On Shan, West Rail and South Island lines	Airport Express	Light Rail
Total route length	187.4 km	35.2 km (on mainly shared tracks with Tung Chung Line)	36.2 km
Total number of stations	91	5 (3 are integrated with Tung Chung Line)	68
Number of train cars	2,018	88	141
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; South Island Line - 12,000	6,400	-

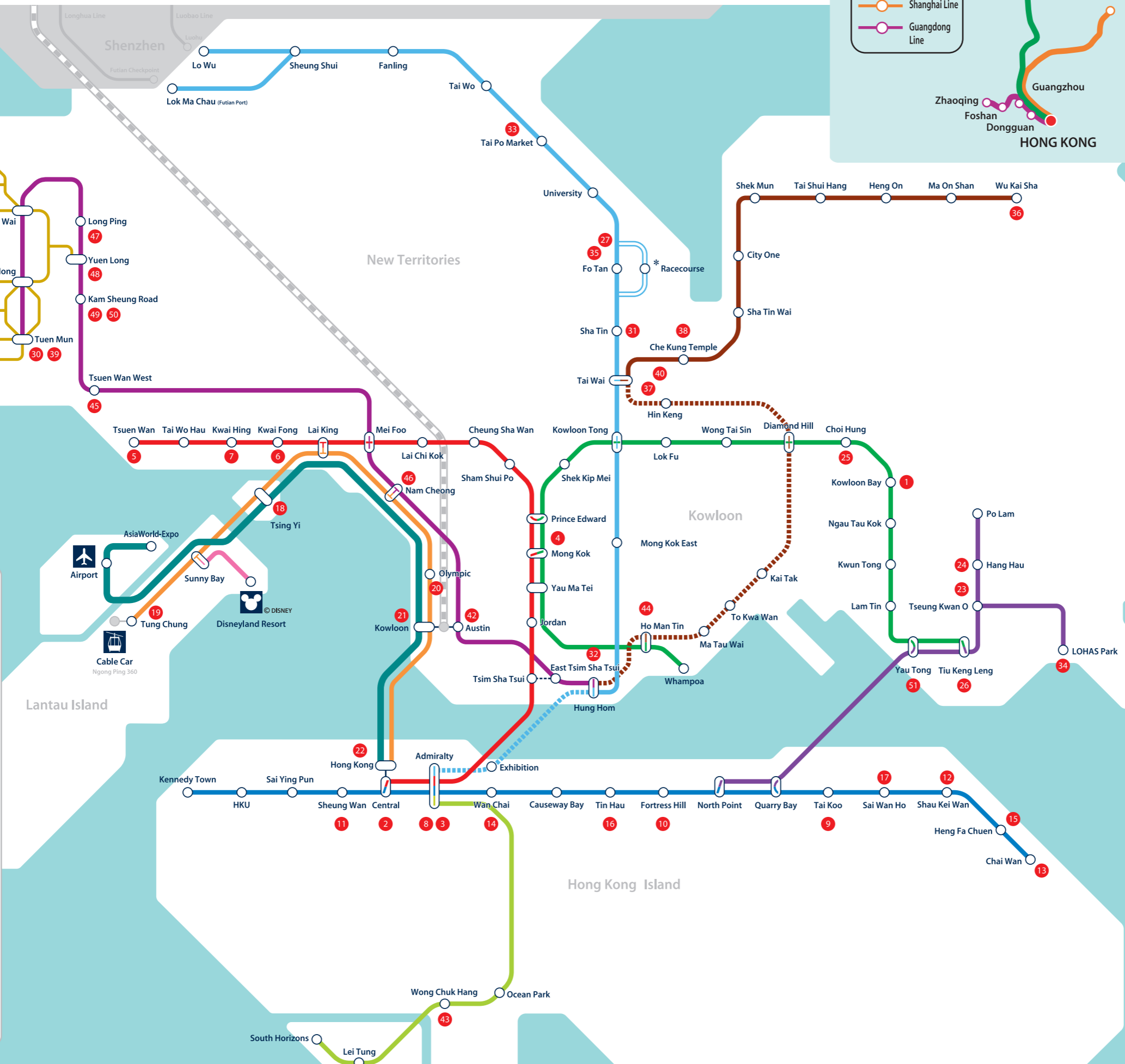
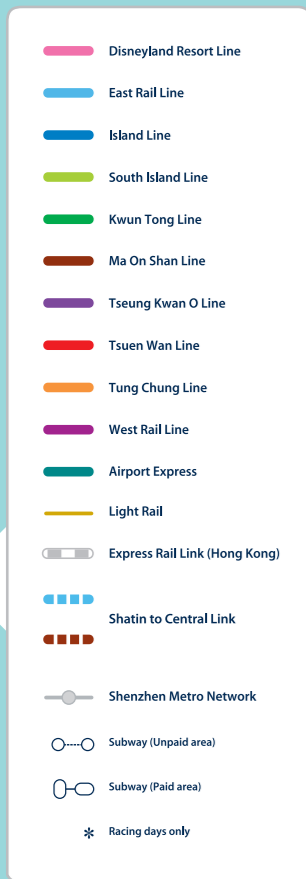
Rapid Response Units

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.

	Kwun Tong Line (Tiu Keng Leng to Whampoa)	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)	South Island Line (South Horizons to Admiralty)	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)	14.2	16	16	31.1	11.9	7	3.3	41.1	11.4	35.4	35.2	36.2
Number of Train												
Morning Peak	33	34	35	13	16	7	2	32	13	26	7	134
Evening Peak	30	34	33	13	16	7	2	28	11	22	7	126
Length of Train	182 metres	182 metres	182 metres	184 metres	182 metres	70 metres	91 metres	292 metres	195 metres	171 metres (7 cars) / 195 metres (8 cars)	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	39-48 seated and 178-187 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	40-52 seated and up to 287 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	Available	/
Speed												
Average	33 kph	33 kph	33 kph	80 kph	33 kph	38 kph	55 kph	50 kph	38 kph	56 kph	80 kph	-
Maximum	80 kph	80 kph	80 kph	135 kph	80 kph	80 kph	80 kph	120 kph	100 kph	130 kph	135 kph	80 kph
Frequency (weekday)												
Morning Peak (sec)	126	120	112	360 to 480 between Tung Chung and Tsing Yi 216 between Tsing Yi and Hong Kong	153 to 246 between Po Lam and North Point 400 between LOHAS Park and North Point	200	270	157	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	200	270	200	240	210	600	240-1080
Journey Time (min)	35	30	31	27	Po Lam to North Point: 15 LOHAS Park to North Point: 20	12	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	Tsuen Kwan O	Wong Chuk Hang	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	Tsing Yi	Sunny Bay	Tsing Yi	Tsing Yi	Tsing Yi	Tsing Yi	Tuen Mun

MTR System and Properties

Through Train Route Map



Properties Owned / Developed / Managed by the Corporation

- Telford Gardens / Telford Plaza I and II
- World-wide House
- Admiralty Centre
- Argyle Centre
- Luk Yeung Sun Chuen / Luk Yeung Galleria
- New Kwai Fong Gardens
- Sun Kwai Hing Gardens
- Fairmont House
- Kornhill / Kornhill Gardens
- Fortress Metro Tower
- Hongway Garden / Infinitus Plaza
- Perfect Mount Gardens
- New Jade Garden
- Southern Garden
- Heng Fa Chuen / Heng Fa Villa / Paradise Mall
- Park Towers
- Felicity Garden
- Tierra Verde / Maritime Square 1 / Maritime Square 2
- Tung Chung Crescent / Citygate / Novotel Citygate / Seaview Crescent / Coastal Skyline / Caribbean Coast
- Central Park / Island Harbourview / Park Avenue / Harbour Green / Bank of China Centre / HSBC Centre / Olympian City One / Olympian City Two
- The Waterfront / Sorrento / The Harbourside / The Arch / Elements / The Cullinan / The Harbourview Place / W Hong Kong / International Commerce Centre / The Ritz-Carlton, Hong Kong
- One International Finance Centre / Two International Finance Centre / IFC Mall / Four Seasons Hotel / Four Seasons Place
- Central Heights / The Grandiose / The Wings / PopCorn 1 / PopCorn 2 / Crowne Plaza, Hong Kong, Kowloon East / Holiday Inn Express, Hong Kong, Kowloon East / Vega Suites
- Residence Oasis / The Lane
- No. 8 Clear Water Bay Road / Choi Hung Park & Ride
- Metro Town
- Royal Ascot / Plaza Ascot
- Ocean Walk
- Sun Tuen Mun Centre / Sun Tuen Mun Shopping Centre
- Hanford Garden / Hanford Plaza
- Citylink Plaza
- MTR Hung Hom Building / Hung Hom Station Carpark
- Trackside Villas
- The Capitol / Le Prestige / Hemera
- The Palazzo
- Lake Silver
- Festival City
- The Riverpark
- Century Gateway
- The Austin / Grand Austin
- City Point

Property Developments Under Construction / Planning

- LOHAS Park Packages
- Tai Wai Station
- Tin Wing Stop
- Wong Chuk Hang Station Packages
- Ho Man Tin Station Packages
- Yau Tong Ventilation Building

West Rail Line Property Developments (As Agent for the Relevant Subsidiaries of KCRC)

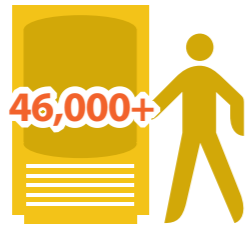
- Century Gateway
- Ocean Pride / Ocean Supreme / PARC CITY / THE PAVILIA BAY / City Point
- Cullinan West
- The Spectra / Long Ping Station (South)
- Yuen Long Station
- Kam Sheung Road Station Packages
- Pat Heung Maintenance Centre

Customer Experience

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 (December 2017)



Advertising units in stations + trains (December 2017)

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 food to fashion, health and beauty, books, banking, convenience stores, dry cleaning shops, 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.

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, concourse and trackside digital 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. They may access the Internet and other high speed data services via their mobile devices. Free Wi-Fi services are also available at all MTR stations and on Airport Express trains.

MTR Mobile

With over 1 million users per month, 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. New features including the In-station Finder and Fast Exit functions were introduced in 2017 to offer a more personalised travelling experience to passengers.

In addition, the Traffic News function 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. In 2016, two new lines were opened for passenger service, the Kwun Tong Line Extension and the South Island Line.

43 km



Route length of 2 new railway projects

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 Line (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 Station (2009). The Island Line was extended to the western tip of Hong Kong Island in December 2014. The railway network further extended to the Ho Man Tin and Whampoa areas with the commencement of passenger service on the Kwun Tong Line Extension in October 2016, and reached the Southern District for the first time upon the opening of the South Island Line in December 2016.

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.



The nine Hong Kong-owned high speed trains will operate under the name Vibrant Express.

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.

New Projects in Hong Kong

Guangzhou-Shenzhen-Hong Kong Express Rail Link

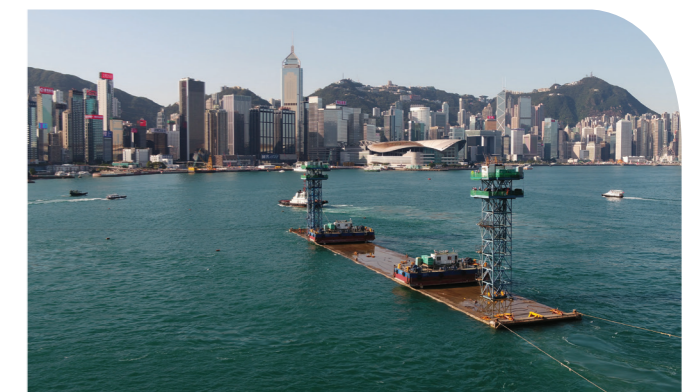
Works commenced on the 26-km Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link in 2010. When completed, the link will connect Hong Kong West Kowloon Station to the National High-speed Rail Network with services to major Mainland cities.

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.

New Railway Projects under Discussion

Beyond the two remaining Rail Gen 2.0 new railway projects under construction, the Hong Kong Government has identified seven new rail projects under its Railway Development Strategy 2014. As at early 2018, the Government has invited MTR to submit project proposals for five of these projects, namely the Tuen Mun South Extension, the Northern Link (and Kwun Tong Station), the East Kowloon Line, the Tung Chung West Extension (and Tung Chung East Station) and the North Island Line. Proposals have been submitted for four of these projects, while that for the North Island Line will be submitted in the second half of 2018.



A total of 11 tunnel units for the Shatin to Central Link's cross-harbour railway tunnel have been immersed and installed in Victoria Harbour.

Properties

Through its successful Rail plus Property integrated 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

MTR 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, South Island Line, Kwun Tong 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.



The Kowloon Station Property Development is a prominent example of MTR's Rail plus Property integrated development model.



MTR's First Self-Developed Mall - Maritime Square 2

In December 2017, the Corporation successfully completed Maritime Square 2, its first self-developed shopping mall in Hong Kong. As an extension of Maritime Square above Tsing Yi Station, the new 12,100-square-metre mall was converted from the former Tsing Yi Lorry Park, and features an approximately 5,000-square-metre scenic roof garden and green balcony, as well as new community facilities for better connectivity in the surrounding neighbourhood.

Two future additions to the MTR's shopping centre portfolio will be retail malls in Tai Wai and LOHAS Park. These projects are set to increase the attributable gross floor area of the existing retail portfolio by approximately 34%.

MTR Malls

MTR Corporation owns and manages 13 retail complexes throughout Hong Kong. The flagship shopping centre in its portfolio is ELEMENTS. The 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.



An artist's impression of the future LOHAS Park Shopping Mall.

Premier Property Management Service

Through the day-to-day management of over 96,000 residential units, 13 malls and five office buildings (over 772,000 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

Following the completion of the new South Island Line and the Kwun Tong Line Extension, property developments at Wong Chuk Hang Station and Ho Man Tin Station are in progress.

In view of the market demand for more land supply, the Corporation will continue to explore opportunities for property developments along its railway lines. Among these is a site above Siu Ho Wan depot on Lantau Island where, with the necessary zoning and other statutory approvals, around 14,000 residential units could be built.

The Rail plus Property integrated 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 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 (2017)



Square metres of managed commercial and office space in Hong Kong (2017)



The Corporation strives for excellence in property management services.



The Corporation's flagship shopping mall, ELEMENTS, atop Kowloon Station.

Mainland of China and International Businesses



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 under different models such as Public-Private-Partnerships, Build-Operate-Transfer, and Operations and Maintenance concessions.

	(Expected) Commencement operation/ concession	Concession period	Route length (km)	No. of stations
Beijing Metro Line 4/ Daxing Line	2009 / 2010	30 years/ 10 years	28.2/21.8	24/11
Beijing Metro Line 14 ¹	since 2013	30 years	47.3 ¹	37 ¹
Beijing Metro Line 16 ²	since 2016	30 years	49.8 ²	29 ²
Shenzhen Metro Line 4	since 2010	30 years	20.5	15
Hangzhou Metro Line 1/Line 1 extension	since 2012	25 years	53.6	34
Hangzhou Metro Line 5	(2019)	25 years	51.5	38
Macau Light Rapid Transit Taipa Line	(2019)	80 months	9.3	11
TfL Rail (Elizabeth Line)	since 2015	8 years	118 ³	40(28) ³
South Western Railway	since 2017	7 years	998.2	203 ⁴
Stockholm Metro	since 2009	8 + 6 years	108	100
MTR Express	since 2015	Licence is subject to renewal	457.4	6
Stockholm commuter rail (Stockholms pendeltåg)	since 2016	10 years	247.1	53
Melbourne's Metropolitan Rail Service	since 2009	8 + 7 years	390	219
Sydney Metro Northwest	(2019)	15 years	36	13

1 BJL14 commenced operations in phases since May 2013. Full line operation is expected after 2018. [With final total route length 47.3km and 37 stations]
 2 BJL16 commenced operations in phases since Dec 2016. Full line operation is expected after 2018. [With final total route length 49.8km and 29 stations]
 3 MTRXR will manage 28 out of the total 40 stations in the Elizabeth Line. The 118-km route will be opened in stages.
 4 SWR operates 186 out of the total 203 stations the SWR network covers.



Outside Hong Kong



Weekday patronage (2017)

Railway in Mainland of China and Macau

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, which operates under O&M concession,
- Beijing Metro Line 14, a RMB50 billion PPP, which is opening in phases with full line operation after 2018, and
- Beijing Metro Line 16, a RMB47.4 billion PPP, of which the Phase 1 started service in December 2016 and full line operation after 2018.

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 RMB2.2 billion joint venture PPP project between MTR and Hangzhou Metro Group Co. Ltd. A 5.7-km extension of Hangzhou Metro Line 1 opened in November 2015.

The Corporation partnered with Hangzhou Metro Group again and signed another PPP project, Hangzhou Metro Line 5, in June 2017. The line is expected to commence operation in 2019.

In April 2018, MTR entered into a contact with Macau Special Administrative Region to provide pre-operations, operations and maintenance service for the Macau Light Rapid Transit Taipa Line for a period of 80 months. The line is expected to commence operation in 2019.

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 206,000 square metres. MTR won the bid for the site in August 2011, and handed over the sold residential units to the owners starting from December 2016.

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 is also participating in the design and construction of a new railway in Sydney under a PPP contract.

MTR's international rail business includes:

- Melbourne's Metropolitan Rail Service in Australia,
- Northwest Rapid Transit Consortium in Australia, for the Sydney Metro Northwest project,
- Stockholm Metro in Sweden,
- MTR Tech, which maintains rolling stock for Stockholm Metro,
- Stockholm commuter rail in Sweden,
- Emtrain, which maintains rolling stock for Stockholm commuter rail in Sweden,
- MTR Express in Sweden,
- TfL Rail / Elizabeth Line in the UK, and
- South Western Railway in the UK.

A 30% owned associate of the Corporation took over the operations and maintenance franchise for the South Western Railway in August 2017. With a route length of 998 km and serving 203 stations, this is one of the UK's largest rail networks and serves London and south western England. Under the new seven-year franchise, rail passengers will progressively enjoy a series of service enhancements.

New Railway Services

TfL Rail / Elizabeth Line* (London)

MTR Corporation (Crossrail) Limited was awarded the operating concession for future Elizabeth Line services by Transport for London in July 2014. The Elizabeth Line 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, and will be renamed as the Elizabeth Line in 2018.



* Previously known as Crossrail

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 is 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 & maintenance and non-fare revenue business. The Corporation has provided services to a number of railway and metro companies, government authorities and rail system suppliers in Australia, Mainland of China, India, 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\$275.2 billion as of 31 December 2017.

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, overseas railway operations 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 the 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.

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 a preferred mix of fixed and floating rate debt, a permitted level of foreign currency debt, a well-balanced spread of loan maturities and the 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 AA+, Aa2 and AA+ respectively by Standard & Poor's, Moody's and Rating and Investment Information Inc. of Japan.

Five-Year Financial Statistics	2017	2016	2015	2014	2013
Consolidated Profit and Loss Account (HK\$ million)					
Total revenue	55,440	45,189	41,701	40,156	38,707
Operating profit before depreciation, amortisation and variable annual payment	21,088	17,624	19,011	19,639	15,795
Depreciation and amortisation	4,855	4,127	3,849	3,485	3,372
Interest and finance charges	905	612	599	545	732
Investment property revaluation gain/(loss)	6,314	808	2,100	4,035	4,425
Profit for the year	16,885	10,348	13,138	15,797	13,208
Profit attributable to shareholders of the Company arising from underlying businesses	10,515	9,446	10,894	11,571	8,600
Ordinary dividend proposed and declared	6,728	6,317	6,207	6,116	5,335
Earnings per share (HK\$)	2.83	1.74	2.22	2.69	2.25
Consolidated Statement of Financial Position (HK\$ million)					
Total assets	263,768	257,340	241,103	227,152	215,823
Loans, other obligations and bank overdrafts	42,043	39,939	20,811	20,507	24,511
Obligations under service concession	10,470	10,507	10,564	10,614	10,658
Total equity attributable to shareholders of the Company	166,304	149,461	170,055	163,325	152,557
Financial Ratios					
Operating margin (%)	36.1	38.3	38.7	38.4	37.2
Operating margin (excluding Mainland of China and international subsidiaries) (%)	53.3	53.9	53.3	53.1	53.4
Net debt-to-equity ratio (%)	20.6	20.2	11.3	7.6	11.8
Interest cover (times)	15.0	12.7	14.4	15.2	11.5

HONG KONG RAILWAY OPERATIONS AT A GLANCE (2017)

93 MTR Stations

230.9 Kilometres of Track

2,247 Rail Cars

Train and Light Rail Trips Operated

3.2 Million

Passenger Journeys

2.00 Billion

99.9% On-time Passenger Service



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