Business Overview
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.

- 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

**Mission**

**Values**

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

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.

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.

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.

Passenger journeys worldwide (2018)

- 2.044 Billion in Hong Kong
- 2.186 Billion outside Hong Kong

An artwork at Lei Tung Station illustrates the landscape and customs of the Southern District.
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.
Over the years, MTR has been delivering major railway infrastructure projects to world-class design and engineering standards. A new milestone was marked in the Corporation's development with the opening of the Guangzhou-Shenzhen-Hong Kong High Speed Rail (Hong Kong Section) in September 2018, providing a comfortable and convenient new cross-boundary railway service.

Guangzhou-Shenzhen-Hong Kong High Speed Rail (Hong Kong Section)
The 26-km Guangzhou-Shenzhen-Hong Kong High Speed Rail (Hong Kong Section) commenced service on 23 September 2018. Running from Hong Kong West Kowloon Station, the High Speed Rail connects Hong Kong to the 29,000km national high speed rail network. Passengers can conveniently travel directly to 58 destinations in the Mainland of China without interchange.

To fully utilise the benefits of the High Speed Rail, the co-location arrangement enables passengers to complete the Hong Kong and mainland customs, immigration and quarantine procedures in one go at Hong Kong West Kowloon Station without the need to undergo clearance procedures again across the border.

Vibrant Express
Operated by the Corporation, the nine Hong Kong-owned Vibrant Express high speed trains serve six destinations including Futian, Shenzhenbei and Guangzhounan. The trains have first class and second class compartments and are well-equipped for a comfortable travelling experience.

Hong Kong West Kowloon Station
Hong Kong West Kowloon Station is an important transport hub connecting Hong Kong with the mainland. Seven footbridges and two pedestrian subways have been built to connect the station with the MTR network as well as other local transport modes, providing passengers with a wide range of transport options and a comprehensive pedestrian network around the station.

Building Hong Kong's Public Transport Backbone
Since the late 1970s, MTR has been successfully delivering high-quality railway services to conveniently connect different parts of the city. Four new projects have been completed in the last four years including the Island Line Extension to the Western District in December 2014, the Kwun Tong Line Extension to Ho Man Tin and Whampoa in October 2016, the fully automatic South Island Line in December 2016, and the Guangzhou-Shenzhen-Hong Kong High Speed Rail (Hong Kong Section) in September 2018.

The Corporation 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.

New Projects in Hong Kong
Shatin to Central Link
The 17-km strategic Shatin to Central Link will connect several existing railway lines. The Tai Wai to Hung Hom Section will connect the West Rail Line and Ma On Shan Line to form the Tuen Ma Line, while the Hung Hom to Admiralty Section will extend the existing East Rail Line from Hung Hom across the harbour to Hong Kong Island. The opening of Tuen Ma Line Phase 1 covers three new stations at Hin Keng, Diamond Hill and Kai Tak.

New Railway Projects under Discussion
Beyond the new railway project under construction, the Hong Kong Government has identified seven new rail projects under its Railway Development Strategy 2014. At the invitation of the Government, MTR has submitted project proposals for five of these projects, namely the Tuen Mun South Extension, the Northern Link (and Kwu Tung Station), the East Kowloon Line, the Tung Chung West Extension (and Tung Chung East Station) and the North Island Line.

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.

Train Service
Connecting all corners of the city with over 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.

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.

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.
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, Tsing 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.

Every year MTR invests significantly 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.

MTR Railway Lines

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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.

Total Route Length (MTR, Airport Express and Light Rail) : 230.9 km (as at 2018)

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Customer Experience

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

MTR Mobile
With over 1.2 million users per month, the multi-award-winning MTR mobile app provides a more personalised experience to the journey on the MTR.

Point-to-point search, fare information, suggested route, estimated journey time, first/last train schedule and station services are just some of the functions available to users at their fingertips. “Chatbot” function was introduced in January 2018 and let customers know how to get to their destination by providing suggested route and estimated journey time. This was followed in October 2018 by a “Waiting Time Indicator” function which shows passengers the estimated waiting time of designated platforms at Admiralty Station (including Tsuen Wan Line to Tsuen Wan Station Platform 1 and Island Line to Chai Wan Station Platform 3) for passengers to better plan their journey.

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; 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, large LED display panels with dynamic contents, 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, on Airport Express trains and Vibrant Express trains.

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.

STEM Challenge Programme
The programme aims to arouse secondary-school students’ curiosity towards the world around them, and heighten their interest in STEM subjects. Using examples from MTR’s railway systems, the programme enhances students’ understanding on how STEM theories and knowledge are applied in practice. Student can also submit proposals to take part in the STEM Challenge applying their STEM knowledge. The best performing teams and their teachers will be invited to a study tour to visit MTR’s operations outside Hong Kong.

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
Eye-catching works sculptures, installations and mosaics were incorporated into station architecture through “Art in MTR” programmes, enriching the travelling environment for passengers. The Corporation also stages art-related activities and displays in stations and malls.

Budding Station Master programme
The Corporation relaunched the Budding Station Master programme in 2018, under which children visit MTR stations to learn about station operations and promote safety messages.
Through 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 40 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 of Hong Kong Island. They are Hong Kong’s tallest buildings.

### Expansion of Investment Property Portfolio

MTR Corporation continues to expand its investment property portfolio in Hong Kong. The Corporation’s first self-developed shopping mall, Maritime Square 2, was opened in December 2017. With a 5,000-square-metre green space and various community facilities for better connectivity with the surrounding neighbourhood, the 12,100-square-metre new extension of Maritime Square has brought greater value to the community.

Following the successful completion of Maritime Square 2, three retail malls in LOHAS Park, Tai Wai and Wong Chuk Hang will be added to MTR’s investment property portfolio in the coming few years. These projects are expected to increase the Corporation’s attributable gross floor area by approximately 49%.

#### 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.

The shopping centre at LOHAS Park, The LOHAS, is targeted for completion in the second half of 2020.

### Premier Property Management Service

Through the day-to-day management of over 99,000 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

In view of the market demand for more housing supply, the Corporation will explore opportunities for property developments above some of the existing rail facilities. Among these is the development atop Yau Tong Ventilation Building. The Corporation is also exploring with the Government on how best to advance the plan for Siu Ho Wan Depot site, which may be developed into a community comprising around 14,000 public and private housing units as well as community facilities.

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

The Corporation strives for excellence in property management services.

Siu Ho Wan depot on Lantau Island.
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, Macau, 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.

### Railways 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 RMB17.3 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 tentatively targeted in 2021, and
- **Beijing Metro Line 16**, a RMB47.4 billion PPP, of which the Phase 1 started service in December 2019 and full line operation tentatively targeted in 2023.

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 RMB6.6 billion project is funded on a Build-Operate-Transfer model.

Hangzhou Metro Line 1, which started operation in November 2012, is a RMB2.2 billion joint venture PPP project between MTR and Hangzhou Metro Group Co. Ltd. The Xiaoxia extension of Hangzhou Metro Line 1 opened in November 2015.

### New Railway Services

#### Hangzhou Metro Line 5

The 5.1-km Hangzhou Metro Line 5 is an underground metro line running from Xiaochanglu Station in Xiaoxian District to Lutinglu Station in Yuhang District, with a total of 38 stations. The responsibilities of the joint venture, 60% owned by the Corporation, under the PPP contract relate to trains and E&M systems (including signalling and other systems), architectural finishes, as well as subsequent operations, maintenance and renewals for 25 years after commencement of full line operations. The civil works, such as construction of stations and tunnels, are the responsibility of Hangzhou Metro Group. The initial section of the line started its passenger service on 24 June 2019.

### Property in Mainland of China

Tia, 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 also participated in the design, construction and operation of Sydney Metro Northwest in Australia.

MTR’s international rail business includes:

- **Melbourne’s Metropolitan Rail Service in Australia**, 
- **Sydney Metro Northwest in Australia**, 
- **Stockholm Metro in Sweden**, 
- **MTR Tech, which maintains rolling stock for Stockholm Metro**, 
- **Stockholm commuter rail in Sweden**, 
- **Emitron, 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**.

### Macau Light Rapid Transit Taipa Line

In Macau, apart from MTR’s provision of technical consultancy support, our wholly-owned subsidiary was awarded an MOP 5.88 billion (HK$5.71 billion) contract for O&M of the Macau Light Rapid Transit Taipa Line in April 2018. The contract covers an 80-month service period and includes the line’s testing and trial run before opening, operation of train services, as well as maintenance of trains, the signalling system and other infrastructure. The 9.3-km line will have 11 stations.

### 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 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$252.9 billion as of 31 December 2018.

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.

### Five-Year Financial Statistics

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Total revenue</td>
<td>55,193</td>
<td>55,442</td>
<td>45,189</td>
<td>41,731</td>
<td>40,106</td>
</tr>
<tr>
<td>Operating profit before depreciation, amortisation and variable annual payment</td>
<td>21,442</td>
<td>21,088</td>
<td>17,624</td>
<td>19,511</td>
<td>19,039</td>
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<tr>
<td>Depreciation and amortisation</td>
<td>4,895</td>
<td>4,894</td>
<td>4,127</td>
<td>3,840</td>
<td>3,845</td>
</tr>
<tr>
<td>Interest and finance charges</td>
<td>5,774</td>
<td>5,773</td>
<td>6,112</td>
<td>5,999</td>
<td>6,345</td>
</tr>
<tr>
<td>Investment property revaluation gain/(loss)</td>
<td>4,745</td>
<td>6,314</td>
<td>808</td>
<td>2,100</td>
<td>4,035</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>14,179</td>
<td>13,017</td>
<td>10,710</td>
<td>9,254</td>
<td>6,845</td>
</tr>
<tr>
<td>Earnings per share (HK$)</td>
<td>2.64</td>
<td>2.83</td>
<td>1.74</td>
<td>2.22</td>
<td>2.69</td>
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<td>Profit attributable to shareholders of the Company</td>
<td>11,263</td>
<td>10,515</td>
<td>9,446</td>
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<td>ordinary dividend proposed and declared</td>
<td>7,359</td>
<td>6,728</td>
<td>6,317</td>
<td>6,207</td>
<td>6,116</td>
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<td>Consolidated Statement of Financial Position (HK$ million)</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Total assets</td>
<td>274,687</td>
<td>263,758</td>
<td>257,340</td>
<td>241,106</td>
<td>227,152</td>
</tr>
<tr>
<td>Loans, other obligations and bank overdrafts</td>
<td>40,205</td>
<td>42,043</td>
<td>39,939</td>
<td>20,811</td>
<td>20,507</td>
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<tr>
<td>Obligations under service concession</td>
<td>10,409</td>
<td>10,470</td>
<td>10,507</td>
<td>10,564</td>
<td>10,614</td>
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<td>Total equity attributable to shareholders of the Company</td>
<td>180,447</td>
<td>166,304</td>
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<td>Financial Ratios</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Operating margin (%)</td>
<td>35.0</td>
<td>36.1</td>
<td>38.3</td>
<td>38.7</td>
<td>38.4</td>
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<td>Operating margin (excluding Mainland of China and international subsidiaries) (%)</td>
<td>54.5</td>
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<td>Net debt to equity ratio (%)</td>
<td>18.1</td>
<td>20.6</td>
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### 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.

### 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.

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