Corporate Strategy

MTR is pursuing a new Corporate Strategy, "Transforming the Future", by more deeply embedding sustainability and Environmental, Social and Governance principles into its businesses and operations with the aim of creating more value for all the stakeholders.

The strategic pillars of the new Corporate Strategy are:

**Hong Kong Core**
Attain the full potential of Hong Kong Core Business and advance our social objectives.

**Mainland China and International Business**
Expand into new hubs and new products across our Mainland China and International Business, maintaining a steady growth.

**New Growth Engine**
Invest in new technologies and mobility services to reinforce our core for long-term growth.

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.

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.

Responding to COVID-19

The global pandemic of COVID-19 has unavoidably impacted MTR Corporation's railway and rail-related property services around the world. Throughout this challenging period, MTR has maintained its operations to ensure that passengers can continue to make essential journeys as needed while prioritising the health and safety of customers and staff with enhanced cleaning and disinfection of trains, railway facilities and our properties. We will continue to stand alongside all of the communities that we serve to fight the pandemic together, putting safety first and maintaining quality always.
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.
High Speed Rail / Railway Construction

Over the years, MTR has been delivering major railway infrastructure projects to world-class design and engineering standards. A new milestone was reached in 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 national high speed rail network. Passengers can conveniently travel directly to 58 destinations in Mainland China without interchange.

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.

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 and efficient commuting experience.

New Projects in Hong Kong

The Cross-Harbour Section of the East Rail Line

The East Rail Line will extend from Hung Hom Station to Admiralty Station via Hong Kong’s fourth cross-harbour rail tunnel underneath Victoria Harbour and an intermediate station at Exhibition Centre in Wan Chai North. Admiralty Station will become a four-line mega interchange station, including the existing Island Line, Tuen Wan Line, South Island Line and the East Rail Line. The cross-harbour extension of the East Rail Line will enhance the railway network by connecting the Northeast New Territories and Hong Kong Island. At the same time, it will enhance passenger flow on the existing three cross-harbour lines during the peak hours, bringing a more comfortable and efficient commuting experience to passengers.

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. Five new projects have been completed in the last eight 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, the Guangzhou-Shenzhen-Hong Kong High Speed Rail (Hong Kong Section) in September 2018, and the full Tuen Ma Line to connect the east and west of the New Territories in June 2021.

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.

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.

Guangzhou-Shenzhen-Hong Kong high-speed rail

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.

Operations Control Centre

New Railway Services

Tuen Ma Line

The Tuen Ma Line has a route length of approximately 56 kilometres, serving 27 stations. It is the longest railway line in Hong Kong connecting the former West Rail Line and the former Ma On Shan Line with four new stations of Hin Keng, Kai Tak, Sung Wong Tai and To Kwa Wan. Linking the east and west of the New Territories, the six interchange stations for the Tuen Ma Line enhance connectivity with the rest of the city’s railway network to provide more alternatives for passengers travelling to different districts.

The full Tuen Ma Line commenced service on 27 June 2021. The new Sung Wong Toi Station and To Kwa Wan Station, together with the new Tuen Ma Line platforms at Ho Man Tin Station and Hung Hom Station are in operation, extending the existing railway network to more districts and bringing new vitality to the community.

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 3.88 million passenger journeys on weekdays, MTR operates 9 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.

Train and Light Rail services operated in Hong Kong (2020)

Enthusiastic passengers welcome the launch of the full Tuen Ma Line on 27 June 2021.

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

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 mobile recovery units of the Rolling Stock Rapid Response Unit can be quickly deployed to the scene of service disruptions to rectify train faults. Customer Services and Revenue Protection Unit provides special crowd management measures to assist passengers.

Total Route Length (MTR, Airport Express and Light Rail) - 240.6 km (as at 2021)

<table>
<thead>
<tr>
<th>MTR Railway Lines</th>
<th>Keun Tong, Tuen Wan, Island, Tung Chung, Tseung Kwan O, Disneyland Resort, East Rail, Tuen Ma Line and South Island lines</th>
<th>Airport Express</th>
<th>Light Rail</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total route length</td>
<td>197.1 km</td>
<td>35.2 km (on mainly shared tracks with Tung Chung Line)</td>
<td>36.2 km</td>
</tr>
<tr>
<td>Total number of stations</td>
<td>95</td>
<td>5 (3 are integrated with Tung Chung Line)</td>
<td>68</td>
</tr>
<tr>
<td>Number of train cars</td>
<td>2,105</td>
<td>88</td>
<td>149</td>
</tr>
<tr>
<td>Daily hours of operation</td>
<td>19 (except East Rail Line and Tuen Ma Line Phase 1: 19.5)</td>
<td>19</td>
<td>19</td>
</tr>
<tr>
<td>Designed maximum one-direction loading per hour</td>
<td>6,400</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Keun Tong Line (Tiu Keng Leng to Whampoa) Tuen Wan Line (Tuen Wan to Central) Island Line (Cha Wan to Kennedy Town) Long 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) Tuen Ma Line (Yu Kai Sha to Tuen Mun) Airport Express (AsiaWorld-Expo to Hong Kong) Light Rail (Tuen Mun / Tin Shui Wai)

<table>
<thead>
<tr>
<th>Route Length (km)</th>
<th>14.2</th>
<th>16</th>
<th>16</th>
<th>13.1</th>
<th>11.9</th>
<th>7</th>
<th>5.3</th>
<th>41.1</th>
<th>56.5</th>
<th>35.2</th>
<th>36.2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Trains</td>
<td>33</td>
<td>34</td>
<td>34</td>
<td>33</td>
<td>13</td>
<td>16</td>
<td>7</td>
<td>3</td>
<td>41.1</td>
<td>56.5</td>
<td>134</td>
</tr>
<tr>
<td>Morning Peak</td>
<td>182</td>
<td>182</td>
<td>182</td>
<td>184</td>
<td>184</td>
<td>70</td>
<td>91</td>
<td>293/219</td>
<td>195</td>
<td>184</td>
<td>20 metres</td>
</tr>
<tr>
<td>Evening Peak</td>
<td>39-45 seated and 268-272 standing</td>
<td>39-45 seated and 268-272 standing</td>
<td>48 seated and up to 265 standing</td>
<td>39-45 seated and 268-272 standing</td>
<td>39-48 seated and 178-187 standing</td>
<td>60 seated and up to 120 standing</td>
<td>42-52 seated and up to 309 standing</td>
<td>40-52 seated and up to 287 standing</td>
<td>64 seated</td>
<td>43 seated and up to a range from 161 to 212 standing</td>
<td></td>
</tr>
<tr>
<td>Car Capacity</td>
<td>39-45 seated and 268-272 standing</td>
<td>39-45 seated and 268-272 standing</td>
<td>48 seated and up to 265 standing</td>
<td>39-45 seated and 268-272 standing</td>
<td>39-48 seated and 178-187 standing</td>
<td>60 seated and up to 120 standing</td>
<td>42-52 seated and up to 309 standing</td>
<td>40-52 seated and up to 287 standing</td>
<td>64 seated</td>
<td>43 seated and up to a range from 161 to 212 standing</td>
<td></td>
</tr>
</tbody>
</table>

Keun Tong Line, Tuen Wan, Island, Tung Chung, Tseung Kwan O, Disneyland Resort, East Rail, Tuen Ma Line and South Island lines

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 10 maintenance depots located in Kowloon Bay, Tuen Wan, ChaI Wan, Tseung Kwan O, Siu Ho Wan, Ho Tung Lau, Tai Po, Pat Heung, Wong Chuk Hang 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.
Properties Owned / Developed / Managed by the Corporation

- Telford Gardens / Telford Plaza I and II
- World-wide House
- Admiration Centre
- Angyle Centre
- Luk Yeung Sun Chuen / Luk Yeung Galleria
- New Kowloon Gardens
- Sun Kwai Hing Gardens
- Fairmont House
- Kornhill / Kornhill Gardens
- Fortress Metro Tower
- Hongway Gardens / Infinitus Plaza
- Perfect Mount Gardens
- New Jade Garden
- Southorn Gardens
- Heng Fa Chuen / Heng Fa Villa / Paradise Mall
- Park Towers
- Felicity Garden
- Tierra Verde / Maritine Square 1 / Maritine Square 2
- Tang Chung Crescent / Cityscape / Novotel Citygate / Seaview Crescent / Coastal Skyline / Caribbean Coast
- Central Park / Island Harbourview / Park Avenue / Harbour Green / Bank of China Centre / HKBC 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 181 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 / Close to Plaza, Hong Kong, Kowloon East / Holiday Inn Express, Hong Kong, Kowloon East / Vega Suites
- Residence Oasis / The Lane
- No. II 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 / Hemnes / Winds at Soo / Wings at Sha Tin / MALLIBU / LINK / MONTARA / GRAND MONTARA / Sea to Sky / MARRI I / GRAND MARINI / OCEAN MARINI / The LCHAS / LP10
- The Palazzos
- Lake Silver
- Festival City / The Pavilion Farm / The Pavilion Farm II / The Pavilion Farm III
- The Austin / Grand Austin
- Southland
- City Place

Property Developments Under Construction / Planning

- LCHAS Park Packages
- Ocean Pride / Ocean Supreme / FFRC CITY
- THE PAVILIA BAY / City Point
- Cullinan West / Cullinan West II / Cullinan West III
- The Spectra / Sol City
- Fung Long Station
- Kam Shing Road Station Packages
- Pat Heung Maintenance Centre
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.

Smart Mobility
MTR is committed to offering the latest in smart mobility to enhance passenger journeys. The MTR Mobile app features railway and other transport information and functions, news and offers from MTR Malls and station shops, and a variety of lifestyle content. The “MTR Points” loyalty scheme enables passengers to earn and redeem MTR Points for attractive rewards. The “Next Train” function was extended to the light rail network. “Trip Planner” now recommends up to three journey options. Besides, “Traffic News” can inform passengers of any service disruption along their preferred routes through push notifications.

A number of initiatives were introduced to facilitate a smarter and more seamless travel experience. For example, passengers can purchase monthly passes in advance via MTR Mobile; students can use the app to renew their “Student Status” on their Octopus cards and continue enjoying concessionary fares. QR code payment service has also been launched in the MTR heavy rail network, allowing passenger to tap the entry/exit gates with a QR code ticket on MTR Mobile or EasyGo on AlipayHK.

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. The Corporation embodies Environmental, Social and Governance principles into its business and operations, guided by the social objectives to align its efforts with these three priority areas, namely Social Inclusion, Greenhouse Gas Emissions and Advancement & Opportunities, to create long term shared value for stakeholders.

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.

*“Train for Life’s Journeys” Youth Programme
The “Train for Life’s Journeys” programme provides secondary school students with a unique learning experience to enhance soft skills and strengthen their self-confidence. Through a series of interactive workshops, sharing and job tasting at MTR, the programme aims at unleashing their potential and supporting them in their life planning, thereby creating brighter futures for themselves and our communities. We have further incorporated community caring sessions in the programme for students to learn to build an inclusive society by exploring our neighbourhoods, developing empathy and offering support to those in need.

Community Connect
MTR Corporation proactively leverages its assets, skills, and resources to connect, grow and support communities to thrive. Community Connect is a platform for initiatives that support everyone from the young to the old, while also enhancing the liveability of our city.

Youth
Young people are future leaders, innovators and game changers. MTR believes supporting our youth is an investment in our communities’ future. The Corporation organises and supports youth programmes to empower young individuals and equip them with the skills, knowledge and experience for success, creating 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” programme, enriching the travelling environment for passengers. Over 90 artworks from established local and international talents from all over the world are showcased in more than 50 stations with a wide spectrum of art pieces in station concourses and platforms. The Corporation also stages art-related activities and displays in stations and malls.

Budding Station Master Programme
The Corporation runs the Budding Station Master Programme under which primary school students are invited to visit MTR stations to learn about station operations and promote safety messages.

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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 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 and West Rail Line (now part of the Tuen Ma Line) and Light Rail, as well as investment properties under development.

Property projects are currently under development along the Light Rail, Tseung Kwan O Line, Tuen Ma Line, South Island Line and Kwun Tong 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.

Premier Property Management Service

Through the day-to-day management of over 111,000 residential units, 14 malls and five office buildings (over 772,000 square metres of office and commercial 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

The Corporation has been invited by Government to proceed with the technical studies on the Siu Ho Wan Depot site topside development, which will provide about 20,000 residential units in the medium to long term, about half of which will be Subsidised Sale Flats. The design and planning of advance works have commenced.

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
New Railway Services

Macao Light Rapid Transit Taipa Line
In Macao, apart from MTR’s provision of technical consultancy support, our wholly-owned subsidiary was awarded in April 2018 an MOP 5.88 billion (HK$7.11 billion) contract for O&M of the Macao Light Rapid Transit Taipa Line. 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 has 11 stations and passenger service began on 10 December 2019.

Property in Mainland of China
Tianjin, MTR’s first property development in Mainland China, is conveniently situated above the depot of the Shenzhen Metro Line 4. 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.

In March 2021, we jointly secured the land use right for a transit-oriented development (TOD) site in the south of Hangzhou West Station together with our partners. This project is a mixed-use property development comprising serviced apartment, office, retail and hotel components and has a total developable GFA of approximately 688,210 square metres.

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. In Australia, MTR also participated in the PPP contract for the design, construction and operation of Sydney Metro North West and City & Southwest project.

MTR’s international rail business includes:
• Melbourne’s Metropolitan Rail Service in Australia,
• Sydney Metro North West and City & Southwest lines in Australia,
• Stockholm Metro in Sweden,
• Stockholm commuter rail in Sweden,
• Malarståg, regional rail around Stockholm,
• MTR Tech, which maintains rolling stock for Stockholm Metro, Stockholm commuter rail and Malarståg,

In Australia, the Northwest Rapid Transit (NRT) consortium, of which we are a member, reached an agreement with the New South Wales Government in November 2019 to conclude the contract for the extension to the existing NRT PPP on Sydney Metro North West Line. The NRT PPP contract extension package includes new metro trains and core rail systems as well as the operations and maintenance component for NRT to operate the combined Metro North West and City & Southwest lines until 2034. MTR will invest in the project and take the lead in the project works and railway operations and maintenance of both the Metro North West Line and the City & Southwest Line as a combined single line from 2024.

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 provided services to a number of railway and metro companies, government authorities and rail system suppliers in Australia, Mainland of China, Macao, 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 projected long-term 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$267.9 billion as of 31 December 2020.

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, railway operations and provision of rail consultancy services in the Mainland of China and overseas.

The Corporation’s operating costs, which principally comprise staff costs, energy costs, repairs and maintenance, and other expenses, have been well contained in relation to revenue growth.

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 property revaluation, and other assets.

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 are important contributions to the Corporation’s overall return on investment.

**Financing**

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

**Five-Year Financial Statistics**

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<thead>
<tr>
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<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Total revenue</td>
<td>74,541</td>
<td>75,054</td>
<td>73,893</td>
<td>75,446</td>
<td>75,189</td>
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<tr>
<td>Total EBITDA</td>
<td>21,033</td>
<td>21,442</td>
<td>21,088</td>
<td>17,624</td>
<td></td>
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<tr>
<td>Depreciation and amortisation</td>
<td>5,183</td>
<td>5,235</td>
<td>6,083</td>
<td>6,155</td>
<td>6,125</td>
</tr>
<tr>
<td>Variable annual payment</td>
<td>2,106</td>
<td>2,985</td>
<td>4,070</td>
<td>1,933</td>
<td>1,300</td>
</tr>
<tr>
<td>Total EBIT</td>
<td>6,974</td>
<td>13,501</td>
<td>14,104</td>
<td>14,245</td>
<td></td>
</tr>
<tr>
<td>(Loss)/profit attributable to shareholders of the Company arising from:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recurrent earnings</td>
<td>1,126</td>
<td>9,490</td>
<td>9,020</td>
<td>8,582</td>
<td>8,916</td>
</tr>
<tr>
<td>Property developments</td>
<td>5,027</td>
<td>5,380</td>
<td>2,403</td>
<td>2,305</td>
<td>2,305</td>
</tr>
<tr>
<td>Underwriting businesses</td>
<td>10,550</td>
<td>10,550</td>
<td>11,263</td>
<td>16,515</td>
<td>9,346</td>
</tr>
<tr>
<td>Investment property revaluation (Loss)/gain</td>
<td>1,180</td>
<td>1,972</td>
<td>4,745</td>
<td>4,214</td>
<td>8,200</td>
</tr>
<tr>
<td>Total</td>
<td>8,940</td>
<td>11,952</td>
<td>16,838</td>
<td>16,820</td>
<td>16,254</td>
</tr>
<tr>
<td>(Loss)/profit for the year</td>
<td>8,621</td>
<td>12,002</td>
<td>16,155</td>
<td>16,885</td>
<td>10,348</td>
</tr>
<tr>
<td>(Loss)/earnings per share (in HK$)</td>
<td>(0.76)</td>
<td>1.94</td>
<td>2.54</td>
<td>2.83</td>
<td>1.74</td>
</tr>
<tr>
<td>Ordinary dividend per share (in HK$)</td>
<td>0.53</td>
<td>1.23</td>
<td>1.23</td>
<td>1.12</td>
<td>1.07</td>
</tr>
<tr>
<td>Ordinary dividend proposed and declared</td>
<td>7,062</td>
<td>7,374</td>
<td>7,159</td>
<td>6,728</td>
<td>6,317</td>
</tr>
<tr>
<td>Share price as at 31 December (in HK$)</td>
<td>40.35</td>
<td>46.05</td>
<td>41.20</td>
<td>45.80</td>
<td>37.70</td>
</tr>
<tr>
<td>Consolidated Financial Position (in HK$ million)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total assets</td>
<td>289,214</td>
<td>289,214</td>
<td>281,758</td>
<td>273,706</td>
<td>257,149</td>
</tr>
<tr>
<td>Loans, other obligations and bank overdrafts</td>
<td>10,340</td>
<td>39,456</td>
<td>40,205</td>
<td>42,043</td>
<td>39,919</td>
</tr>
<tr>
<td>Obligations under service concession</td>
<td>10,390</td>
<td>10,430</td>
<td>10,493</td>
<td>14,470</td>
<td>15,427</td>
</tr>
<tr>
<td>Total equity attributable to shareholders of the Company</td>
<td>176,788</td>
<td>186,606</td>
<td>180,447</td>
<td>166,304</td>
<td>149,461</td>
</tr>
<tr>
<td>Financial Ratios</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBITDA margin (in %)</td>
<td>12.2</td>
<td>28.1</td>
<td>35.9</td>
<td>36.1</td>
<td>38.3</td>
</tr>
<tr>
<td>EBITDA margin (excluding Mainland of China and international subsidiaries) (in %)</td>
<td>22.1</td>
<td>42.0</td>
<td>54.5</td>
<td>55.5</td>
<td>54.0</td>
</tr>
<tr>
<td>EBIT margin (in %)</td>
<td>1.1</td>
<td>14.6</td>
<td>15.7</td>
<td>20.3</td>
<td>20.4</td>
</tr>
<tr>
<td>EBIT margin (excluding Mainland of China and international subsidiaries) (in %)</td>
<td>5.2</td>
<td>19.3</td>
<td>32.8</td>
<td>32.2</td>
<td>34.8</td>
</tr>
<tr>
<td>Net debt-to-equity ratio (in %)</td>
<td>22.5</td>
<td>15.4</td>
<td>18.1</td>
<td>20.6</td>
<td>20.2</td>
</tr>
<tr>
<td>Return on average equity attributable to shareholders of the Company arising from underlying businesses (in %)</td>
<td>2.9</td>
<td>5.8</td>
<td>6.5</td>
<td>6.7</td>
<td>5.9</td>
</tr>
<tr>
<td>Interest cover (times)</td>
<td>8.3</td>
<td>15.3</td>
<td>13.6</td>
<td>15.0</td>
<td>12.7</td>
</tr>
</tbody>
</table>

(1) Excluding profit on Hong Kong property development
(2) Excluding profit on Hong Kong property development and share of profit of associates and joint venture

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 A1, Aa3 and A+ respectively by Standard & Poor’s, Moody’s and Rating and Investment Information Inc. of Japan.

**GLANCE**

OPERATIONS AT A GLANCE 2021

(Excluding High Speed Rail)

**97 MTR Stations**

Train and Light Rail Trips Operated
Over 2.78 Million

240.6 Kilometres of Track

99.9% On-time Passenger Service

Light Rail Stops

1.31 Billion

2,342 Rail Cars

Passenger Journeys