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ABOUT MTR CORPORATION

MTR Corporation Limited ("the Company") is a publicly-listed company (SEHK: 0066) headquartered in the Hong Kong Special Administrative Region ("Hong Kong").

In June 2000, the Hong Kong Government ("the Government") sold a portion of its issued share capital to private investors in an Initial Public Offering. Today, the Hong Kong Government holds a majority (76.5 %) of the shareholding while private investors, including institutional and retail investors, hold the remainder.

Our primary business is the construction and operation of mass transit railway systems in Hong Kong, which carried an average of more than 5.6 million passengers every weekday as at the end of 2016. While we are recognised as one of the best passenger railway transport providers in the world, we also engage in the development and sale of residential and commercial properties in partnership with property developers, and operate a property management service.

In addition to our Hong Kong rail operations, we also have a presence in the [Mainland of China](#), [Europe](#) and [Australia](#), where we provide operational and maintenance services directly or through joint ventures.

In 2016, we carried as many passengers on networks outside of Hong Kong as we did at home. In total, the Company and its subsidiaries and associates employ more than 37,700 people around the world, of which majority are locally-employed staff.

LIST OF AWARDS

Please click [here](#) for a list of awards received by the Company during 2016.



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Vision, Mission and Values

This concise statement of our Vision, Mission and Values (VMV) is integral to our management approach in all areas of our business. Our success of providing passenger rail transport reflects our consistent and conscientious pursuit of our Vision to be a leading multinational company that connects and grows communities with caring service.



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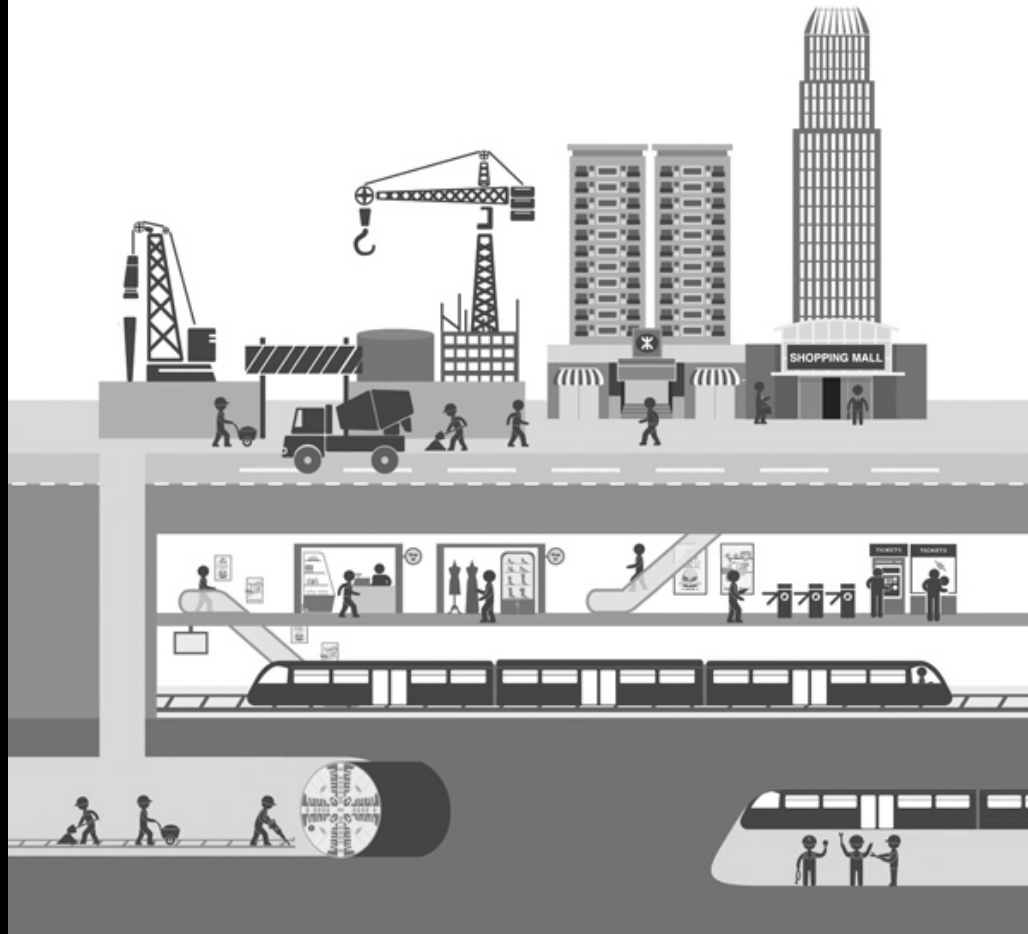
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Hong Kong Transport Operations



Hong Kong Network Expansion



Hong Kong Station Commercial Business



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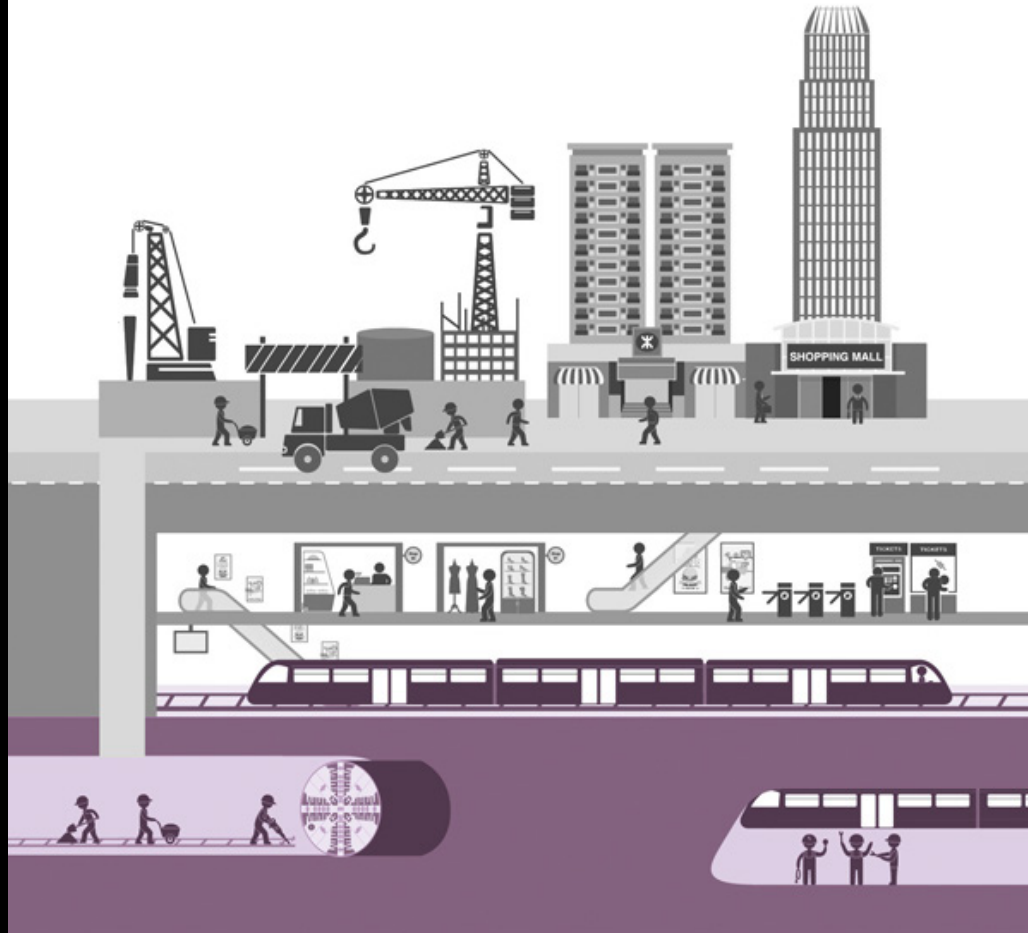
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Hong Kong Transport Operations



We operate an urban mass transit railway system with 11 heavy rail lines and a Light Rail system. The heavy rail network comprises domestic and cross-boundary services and a dedicated Airport Express link. We also provide intercity services to and from the Mainland of China as well as a small feeder bus service in Hong Kong.

Hong Kong Network Expansion



Hong Kong Station Commercial Business



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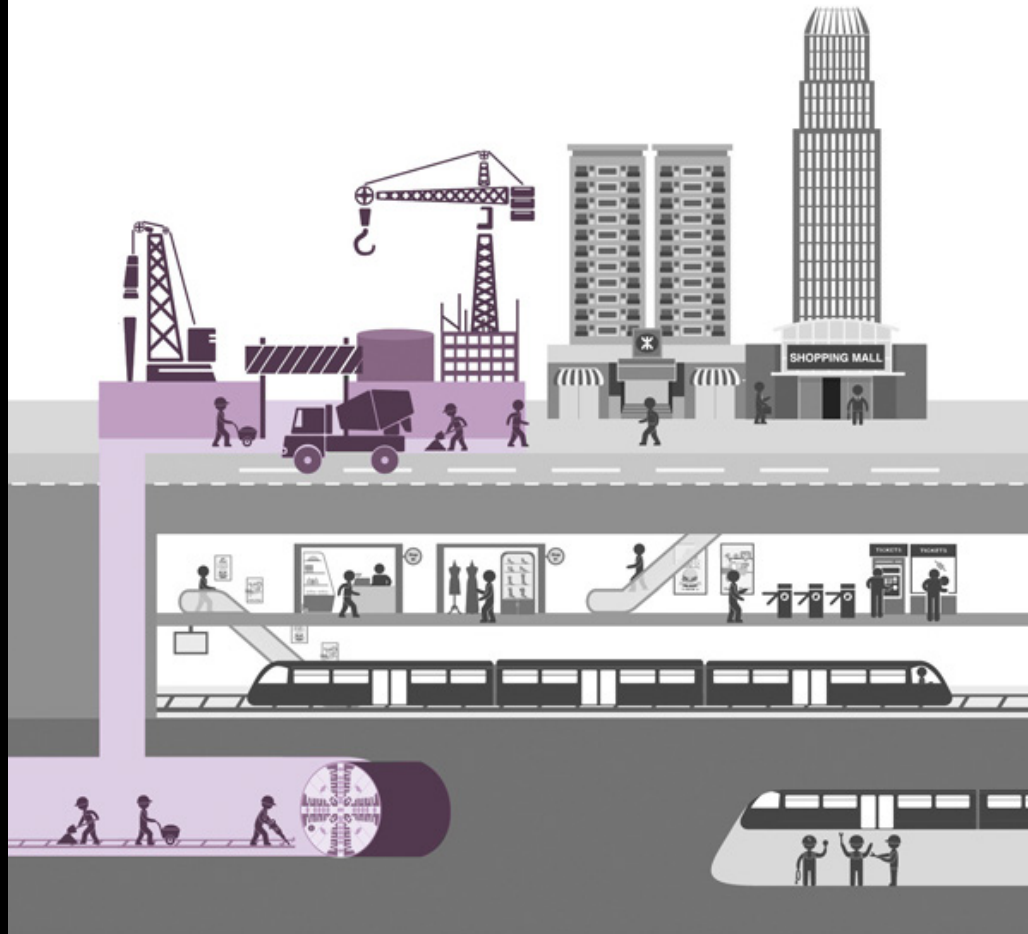
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Hong Kong Transport Operations



Hong Kong Network Expansion



We manage the design and construction of new railway extensions along with a multitude of other projects each year to upgrade and improve the operating railway network. The Kwun Tong Line Extension and South Island Line (East) were completed in 2016 and the Island Line Extension to Western District was completed in 2014. Two other projects, the Shatin to Central Link and the Express Rail Link, are still under construction. Together these five projects will increase the route length of our network in Hong Kong by 25 per cent.

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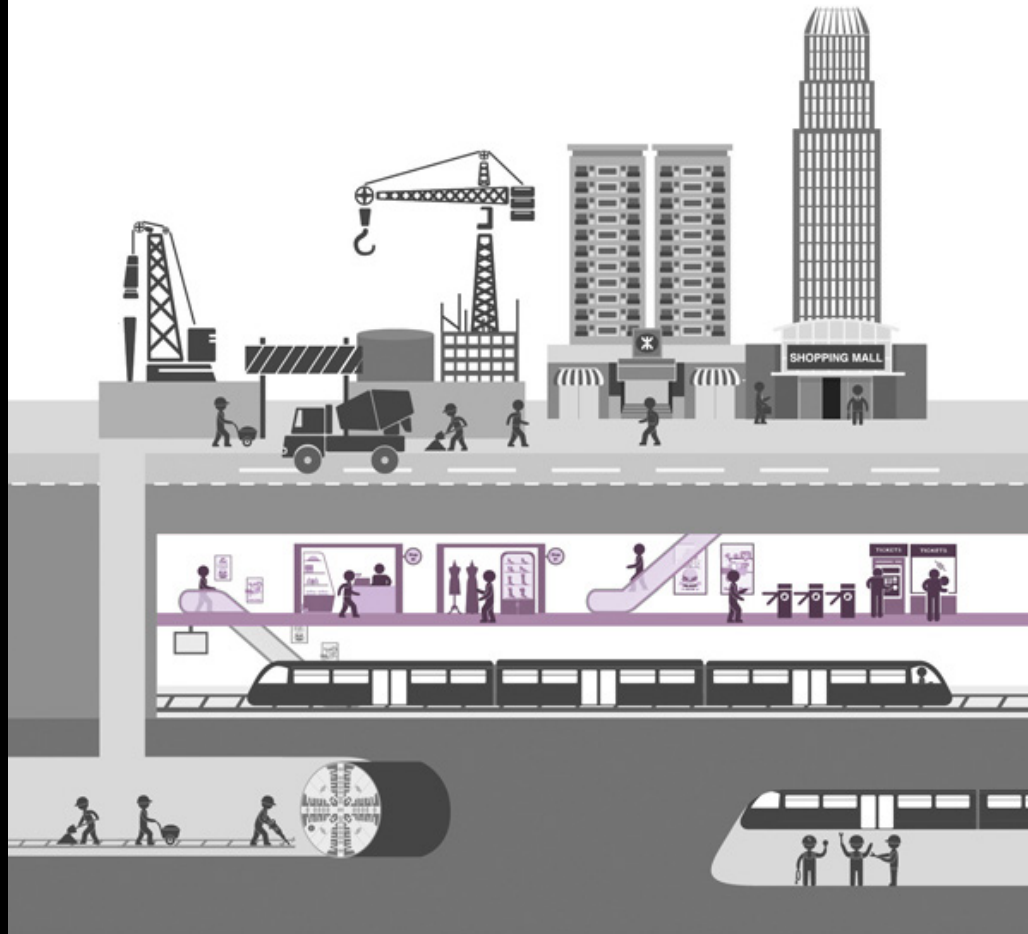
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Hong Kong Station Commercial Business



To make the most of our railway assets, we operate related businesses such as the leasing of station retail space, advertising in trains and stations, and fixed and mobile telecommunications systems.

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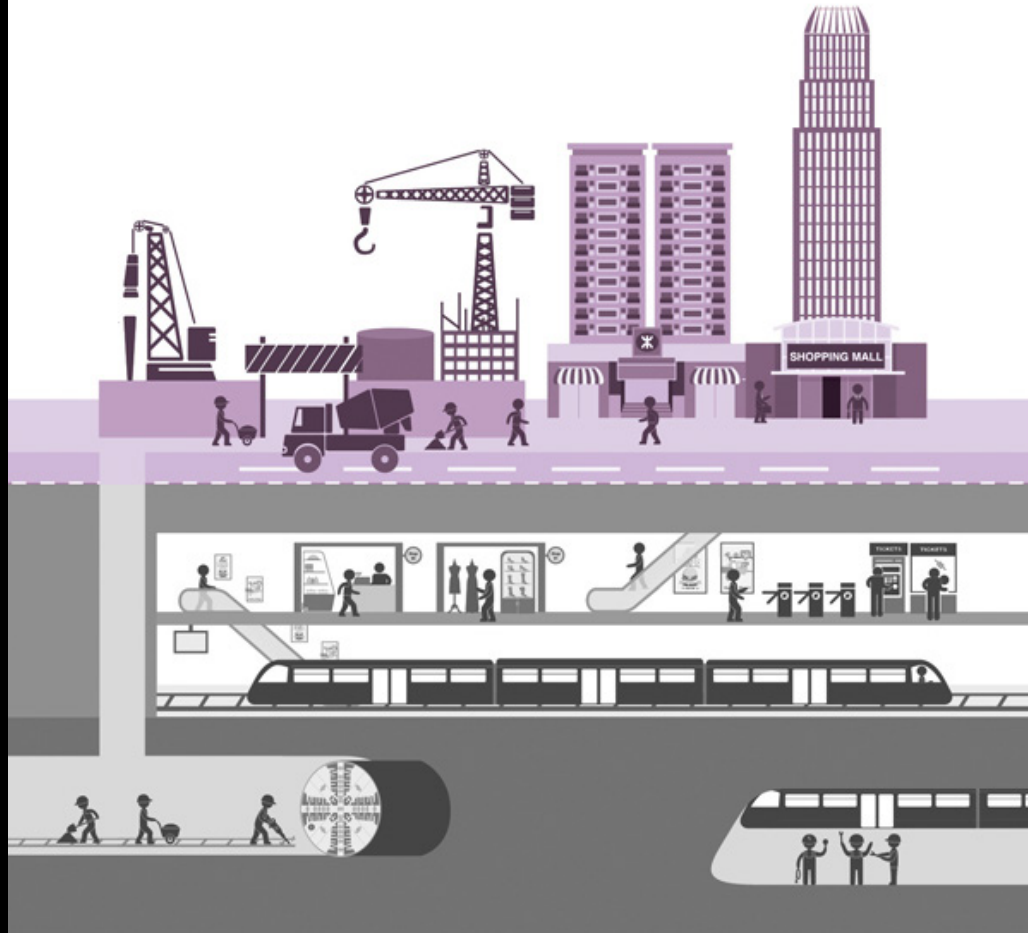
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Property and other Businesses



We work with leading property developers to build properties above or near our stations. We also manage a portfolio of residential properties, office space and commercial space. Other businesses include rail-related consultancy, the Ngong Ping 360 cable car and associated theme village, and the Octopus card payments system.

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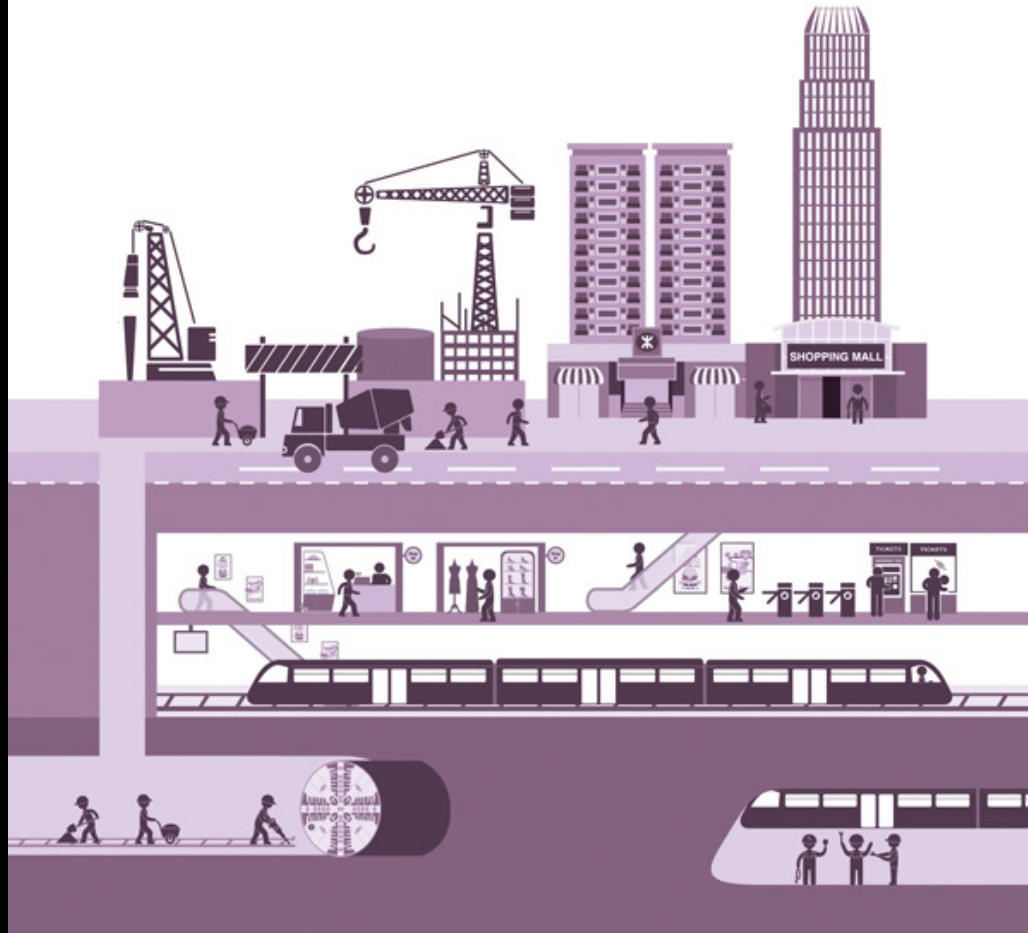
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Our subsidiaries and associates build, operate and maintain railway systems and provide related services in the Mainland of China, the United Kingdom, Sweden and Australia. In the Mainland of China, we are also involved in leasing retail space, providing estate management services and developing properties.

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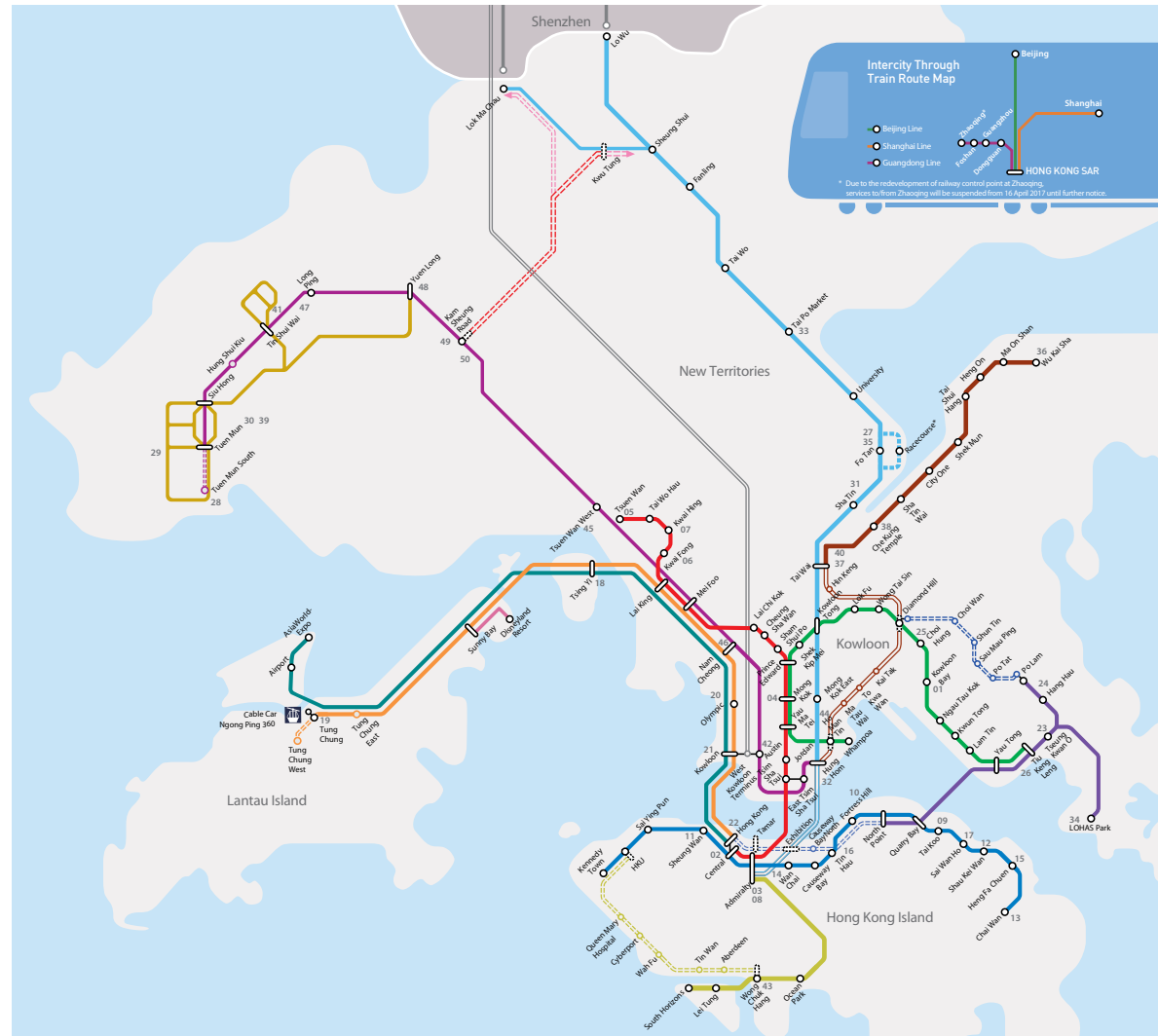
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Hong Kong Transport Operations and Network Expansion

- 11 heavy rail lines, total route length of 230.9km
- 93 stations and 68 Light Rail stops
- Average of around 5.6 million passengers per weekday
- Total patronage of more than 1.95 billion
- 2 rail projects completed in 2016; MTR is now present in all 18 districts in Hong Kong for the first time
- 2 rail projects totally 43 km under construction

MTR system and properties



Properties Owned / Developed / Managed by the Corporation

- 1 Telford Gardens / Telford Plaza I and II
- 2 World-wide House
- 3 Admiralty Centre
- 4 Argyle Centre
- 5 Luk Yeung Sun Chuen / Luk Yeung Galleria
- 6 New Kwai Fong Gardens
- 7 Sun Kwai Hing Gardens
- 8 Fairmont House
- 9 Kornhill / Kornhill Gardens
- 10 Fortress Metro Tower
- 11 Hongway Garden / Infinitus Plaza
- 12 Perfect Mount Gardens
- 13 New Jade Garden
- 14 Southern Garden
- 15 Heng Fa Chuen / Heng Fa Villa / Paradise Mall
- 16 Park Towers
- 17 Felicity Garden
- 18 Tierra Verde / Maritime Square
- 19 Tung Chung Crescent / Citygate / Novotel Citygate / Seaview Crescent / Coastal Skyline / Caribbean Coast
- 20 Central Park / Island Harbourview / Park Avenue / Harbour Green / Bank of China Centre / HSBC Centre / Olympian City One / Olympian City Two
- 21 The Waterfront / Sorrento / The Harbourside / The Arch / Elements / The Cullinan / The Harbourview Place / W Hong Kong / International Commerce Centre / The Ritz-Carlton, Hong Kong
- 22 One International Finance Centre / Two International Finance Centre / IFC Mall / Four Seasons Hotel / Four Seasons Place
- 23 Central Heights / The Grandiose / The Wings / PopCorn 1 / PopCorn 2 / Crowne Plaza Hong Kong Kowloon East / Holiday Inn Express Hong Kong Kowloon East / Vega Suites
- 24 Residence Oasis / The Lane
- 25 No.8 Clear Water Bay Road / Choi Hung Park & Ride
- 26 Metro Town
- 27 Royal Ascot / Plaza Ascot
- 28 Ocean Walk
- 29 Sun Tuen Mun Centre / Sun Tuen Mun Shopping Centre
- 30 Hanford Garden / Hanford Plaza
- 31 Citylink Plaza
- 32 MTR Hung Hom Building / Hung Hom Station Carpark
- 33 Trackside Villas
- 34 The Capitol / Le Prestige / Hemera
- 35 The Palazzo
- 36 Lake Silver
- 37 Festival City
- 38 The Riverpark
- 39 Century Gateway
- 40 The Austin / Grand Austin
- 41 City Point

Property Developments Under Construction / Planning

- 42 LOHAS Park Packages
- 43 Tai Wai Station
- 44 Tin Wing Stop
- 45 Wong Chuk Hang Station Packages
- 46 Ho Man Tin Station Packages

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

- 47 Century Gateway
- 48 Tsuen Wan West Station (TW5) Bayside / Tsuen Wan West Station (TW5) Cityside / THE PAVILIA BAY / City Point
- 49 Cullinan West
- 50 The Spectra / Long Ping Station (South)
- 51 Yuen Long Station
- 52 Kam Sheung Road Station Packages
- 53 Pat Heung Maintenance Centre

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Hong Kong Rail Network

Domestic Services refer to ten main commuter lines: Kwun Tong, Tsuen Wan, Island, South Island (East), Tung Chung, Tseung Kwan O, East Rail, West Rail, Ma On Shan and Disneyland Resort lines.

Cross-boundary Service refers to our service running to/from Hong Kong and Shenzhen via Lo Wu or Lok Ma Chau on the East Rail Line.

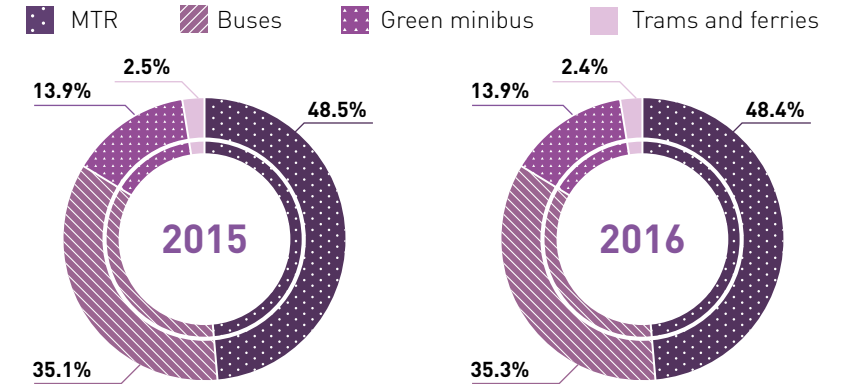
Airport Express refers to the direct service linking Hong Kong International Airport and Hong Kong Station in the Central business hub.

Light Rail and Bus refers to the Light Rail network in the northwestern New Territories and feeder bus services to/from many MTR stations in the New Territories.

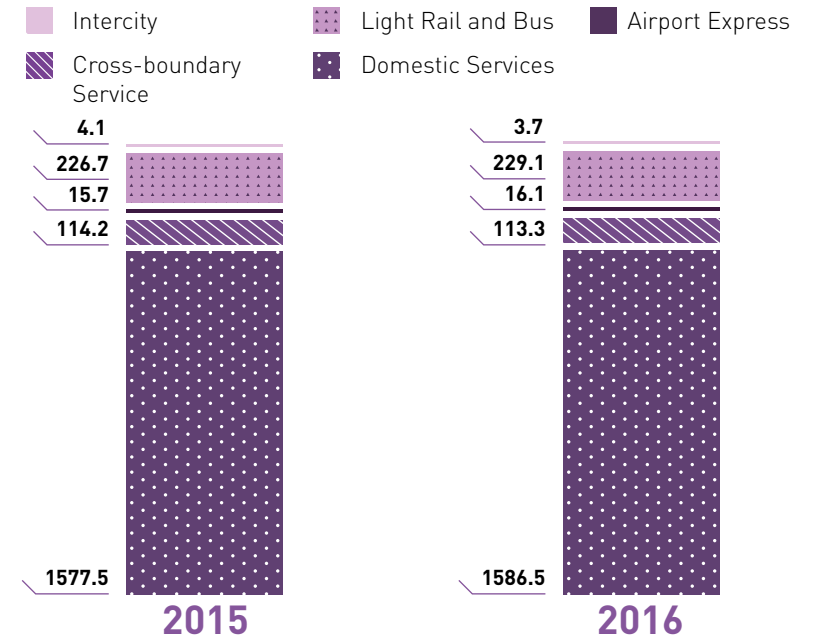
Intercity refers to three through train routes to/from cities in the Mainland of China, namely Beijing, Shanghai and Guangdong.

In 2016, our share of total franchised public transport boardings in Hong Kong was 48.4%, which has reduced marginally from the year before.

FRANCHISED PUBLIC TRANSPORT BOARDINGS IN HONG KONG (%)



TOTAL PATRONAGE FOR HONG KONG TRANSPORT OPERATIONS (MILLIONS)



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The Kwun Tong Line Extension (KTE), which extends the existing line to connect Yau Ma Tei with the Whampoa area, opened on 23 October 2016. And on 28 December 2016, we opened the South Island Line (East) (SIL(E)) as the first metro service to the Southern District, extending from Admiralty to the southern part of Hong Kong Island and reaching an estimated population of 350,000 residents and working commuters.

Both of these projects were financed by the Rail plus Property model. Read more about the considerations for the existing and future communities along these two lines in the [Community section](#).

Two new lines are currently under construction which, together with the KTE and SIL(E) and the Island Line Extension to Western District that was opened in 2014, will expand route length of our rail network in Hong Kong by about 25% to meet the future transportation needs of the people of Hong Kong.

Hong Kong Network Expansion Projects (and Completion Status of Rail Projects in 2016)

Express Rail Link — A 26km high-speed cross-boundary rail service connecting Hong Kong with Shenzhen, Guangzhou and the high-speed rail network in the Mainland of China. At year end, completion had reached 87%.

Shatin to Central Link — The 17-km Shatin to Central Link connects existing railway lines to form an East West Corridor and a North South Corridor. The lines will provide much needed new links across the New Territories as well as a new cross-harbour connection, serving an estimated residential and working population of 640,000 in 2021. At year end, completion had reached 68% overall.

LEARN MORE...

Express Rail Link

On 30 November 2015, the Company announced that it had entered into the "[XRL Agreement](#)" with the HKSAR Government. The XRL Agreement, which includes a proposal to resolve the additional funding for the Express Rail Link Project, was approved by the Company's independent shareholders on 1 February 2016 with 99.83% voting in favour. On 11 March 2016, the HKSAR Legislative Council also approved the additional funding requirement, whereupon the XRL Agreement has become unconditional and comes into full force.

We recognise that in order to continue to connect and grow communities in parts of Hong Kong that are currently underserved by an efficient mass transportation system, we must continue to explore [new opportunities to expand our network](#).

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Hong Kong Station Commercial Business

- 1,392 MTR Shops for passenger convenience
- 22,485 advertising units at stations, and 23,747 units on trains
- Enhanced mobile service through 4G access at all stations
- Speed up the upgrade and installation of mobile phone and WiFi system

To make the most of our railway assets, we operate related businesses such as leasing retail space and advertising in trains and stations, and fixed and mobile telecommunications services.

As at 31 December 2016, there were 1,392 shops inside stations covering 57,151 square metres of retail space, an increase of 913 square metres from 2015.

LEARN MORE...

More information about [MTR Shops and Malls](#).

For our telecommunications services business, the installation of a new mobile phone network offering increased data capacity and more 4G services has made good process. The project is scheduled for completion in 2018. We have also worked with a telecom operator to upgrade WiFi equipment to provide enhanced service.

Hong Kong Property Business

- 96,066 residential units; and
- 758,427 m² of commercial and office space under management
- Investment portfolio:
 - » 212,538 m² of retail properties
 - » 54,677 m² of lettable office space and other uses
 - » 120,620 m² of GFA to be added over the next 5 years

In Hong Kong, we work with leading property developers to build properties above or near our stations. We have a portfolio of investment properties comprising shopping malls and office space and other uses.

The Company also manages a portfolio of residential properties, office space and commercial space. As of the end of 2016, we had 96,066 residential units, and 758,427 square metres of commercial and office space under management. We are enhancing the assets of our existing shopping centre portfolio while making significant additions. These projects will add a total of about 120,620 square metres (gross floor area, "GFA") to the existing retail portfolio, increasing by approximately 40%.

Over the past three years, a number of new property development projects have been tendered out. Upon completion, they will add approximately 18,000 residential units to support the community's housing needs. More details of these projects and expansion of our shopping centre portfolio are available in [Building Our Future](#).

LEARN MORE...

More information about [MTR Properties](#) is available on our corporate website.

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Consultancy Services and Other Businesses

We offer 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. In recent years our consultancy business has provided services in cities across Asia, Australia and the Middle East.

DID YOU KNOW?

We served as technical consultant to Metro Barra for the Rio Metro Line 4, which was opened in 2016 as a key infrastructure project for the 2016 Olympic Games in Rio de Janeiro, Brazil. We also previously assisted Metro Rio for Metro Rio Lines 1 and 2.

More information about our [consultancy services](#) can be found on our corporate website.

We are engaged in other businesses in Hong Kong, including the Ngong Ping 360 cable car service and associated theme village, named as one of the "Ten Amazing Cable Car Rides Around the World" by the UK's Daily Telegraph newspaper in 2014. For the first time, we are including performance metrics of relevant sustainability issues from [Ngong Ping 360](#). We are also engaged in the Octopus card payment system, which is outside the scope of this report as we do not have operational control of the Company.

LEARN MORE...

Find out more about [Ngong Ping 360](#) cable car and the theme village on their website

Mainland of China and International Business

Outside of Hong Kong, we invest selectively in rail-related projects, including property developments, which we believe will generate sustainable returns within clear risk parameters.

Currently our subsidiaries and associates are involved in building, operating and maintaining mass transit railway systems and providing related services in the Mainland of China, the United Kingdom, Sweden and Australia. In the Mainland of China, subsidiaries and associates are also involved in the leasing of retail space, providing estate management services and developing properties.

The total number of passengers carried by our subsidiaries and associates in six cities outside of Hong Kong reached approximately 1.8 billion in 2016.

In 2016 we saw our overseas operations progress well:

- Australia: our consortium is implementing the Operations, Trains and Systems Contract for Australia's largest public transport project, the Sydney Metro Northwest, our first international Public-Private-Partnership ("PPP") project
- Beijing: The North Section of Beijing Metro Line 16 opened on 31 December 2016.
- Hangzhou: Maintained excellent safety and operational performance during the G20 Summit and was highly regarded by the municipal government.
- Sweden: Took over the Stockholm commuter rail (Stockholms pendeltåg) on 11 December 2016.
- Shenzhen: The first batch of sold units, in the low-rise buildings above the depot, were handed over to buyers in December 2016.

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SWEDEN

Stockholm Metro

- Operated by MTR Tunnelbanan AB*
- Rolling stock maintenance by MTR Tech AB*

MTR Express intercity train service

- Operated by MTR Express (Sweden) AB*

Stockholm commuter rail (Stockholms pendeltåg)

- Took over in December 2016
- Operated by MTR Pendeltågen AB*
- Rolling stock maintenance by Emtrain AB#

UNITED KINGDOM

TfL Rail / Elizabeth Line

- Operated by MTR Corporation
(Crossrail) Limited*

London Overground

- Until November 2016
- Operated by London Overground
Rail Operations Limited#

AUSTRALIA

Sydney Metro Northwest

- Operation will commence in 2019
- Operated by Metro Trains Sydney Pty. Limited#

Melbourne's Metropolitan Rail Service

- Operated by Metro Trains Melbourne Pty. Limited#

MAINLAND OF CHINA

Beijing Metro Line 4, Daxing Line, Beijing Metro Line 14 and 16 (Phase 1)

- Operated by Beijing MTR Corporation
Limited#

Hangzhou Metro Line 1 and extension

- Operated by Hangzhou MTR
Corporation Limited#

Shenzhen Metro Line 4 (Longhua Line)

- Operated by MTR Corporation
(Shenzhen) Limited*

Please refer to [Mainland of China and International Business](#) for an introduction to the sustainability approach and performance of the railway operations conducted by our subsidiaries outside of Hong Kong. More information about our future plans outside of Hong Kong is available in [Building Our Future](#).

* 100% owned subsidiary of MTR Corporation

Joint Venture/Consortium of which MTR Corporation is a shareholder