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*Professor Frederick Ma Si-hang became MTR's Chairman last year. One-year in, we review some of his reflections on the progress of and future opportunities for MTR.*

### **MTR's most significant accomplishments last year...**

I've really enjoyed my time at MTR thus far. It is clear to me that the company understands that in order to be successful over the long-term, we need to address the present while keeping an eye on what's important down the track. From everything I've witnessed this past year, this is what we have been doing, specifically by creating and adding value to Hong Kong's economy.

What do I mean by this? MTR creates economic value two ways: in financial terms, i.e. in the form of revenue generated from both within and outside of Hong Kong distributed throughout the city's economy; and in operational

terms, i.e. in the form of positive benefits on the economy which are generated as a result of our operations.

In financial terms, the economic value we create by operating our rail and property businesses is shared broadly with Hong Kong: with our employees in the form of wages, salaries and benefits, with our suppliers and contractors through products and services we procure, with the government in the form of income and taxes, and with our shareholders in the form of payment of dividends, noting of course our largest shareholder is the Hong Kong SAR government.

In operational terms, the value that MTR creates, particularly through our rail operations, is derived from the safety, efficiency, ease and environmental effectiveness of our operations, which connects Hong Kong through the delivery of world class service to our customers – which is what we as a company work together to deliver every day.

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Our goal should always be to manage the challenges of the present while investing for the future. In this sense, we are investing in various ways to help enhance the future of MTR.

We've begun our transition to Rail Gen 2.0 by the successful opening of two new lines: the Kwun Tong Line Extension and the South Island Line (East); we are improving the accessibility and facilities of our stations; we are improving the energy and cost efficiency of our infrastructure; we are refurbishing our existing trains; we are upgrading our signaling systems. These investments will allow us to maintain our safety record and continue to improve the comfort and efficiency of our services.

These investments are significant in size and important to the long term success of MTR. They require us to think carefully about the long term impacts of our investments and how these will help MTR meet the needs of our customers far into the future. Decisions on these investments also often involve tradeoffs amongst competing demands. We do our best to communicate this fact to the community, because we cannot always satisfy everyone's wishes, and our ability to make these investment is predicated on a sustainable income flow made possible by the Fare Adjustment Mechanism (FAM).

**We continue to engage our stakeholders...**

It is very important that MTR continues to listen to our stakeholders and respond as best we can. The feedback from our customers, the engagement and liaison works we carry out as we plan and construct new lines, our dialogue with civil society - these and other programmes help us maintain contact with our stakeholders and identify what their priorities are. We work to hear their concerns and make decisions on the necessary improvements to continue to meet their needs and aspirations.

**Opportunities ahead of us**

At its core, everything that MTR does is related to its purpose: serving the public now and long into the future. The best opportunities are where MTR can grow, improve and help Hong Kong unleash its potential towards a more prosperous and thriving future.

In addition to the two railway projects currently being developed, the Government's Railway Development Strategy 2014 has also identified new projects which will help further connect Hong Kong. We are carrying out the technical studies and preparing the project proposals on the first four of these new projects.

Outside of Hong Kong we are targeting opportunities in the Mainland China, Europe and Australia. Our international work allows us to seek growth markets, ensure we stay globally competitive and translate these back into Hong Kong.

In the many areas highlighted throughout this report, MTR is working to better the future. I'm honored to serve as the Chairman of this company and look forward to the many achievements that we will achieve together in 2017 and beyond.