



MTR Corporation

2016 Annual Results

7 March 2017

Forward-looking statements

Certain statements contained in this presentation may be viewed as forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual performance, financial condition or results of operations of the Company to be materially different from any future performance, financial condition or results of operations implied by such forward-looking statements.



Results Highlights and Business Overview

Mr. Lincoln Leong, CEO

2016 A Year of Achievements

Steady Results

- Reasonable financial results
 - Recurrent profits up 4.1%
 - Lower property development profits
 - Underlying profit down 13.3%

Resilient Business Performance

- Hong Kong
 - World leading safety and service performance
 - Station Commercial and Property Rental – continued growth
 - Property Tendering – LOHAS Park Package 10 and Ho Man Tin Station Package 1 awarded
- Outside Hong Kong
 - Good operational performance and reasonable financial results

Milestones Achieved

- Rail Gen 2.0 - Kwun Tong Line Extension and South Island Line (East) opened
- Approval of the Express Rail Link (XRL) Agreement
- Establishment of MTR Academy
- Phase 1 of Beijing Metro Line 16 opened
- Takeover of Stockholm commuter rail (Stockholms pendeltåg) concession

Sustainable Growth

- Hong Kong
 - Over HK\$8 billion spent on maintaining, replacing and upgrading HK network
 - Rail Gen 2.0 - Reasonable progress on XRL and Shatin to Central Link (SCL)
 - Railway Development Strategy (RDS 2014)
 - Shopping centre expansion and property development projects on track
 - Early review of FAM
- Outside Hong Kong
 - Bidding or discussion on a number of opportunities

Financial Highlights

(HK\$m)	2016	2015	Change
Total revenue	45,189	41,701	↑ 8.4%
Total EBITDA	17,313	16,120	↑ 7.4%
EBITDA margin	38.3%	38.7%	↓ 0.4%pt
EBITDA margin (excluding Mainland of China & int'l subsidiaries)	53.9%	53.3%	↑ 0.6%pt
Total EBIT ⁽¹⁾	11,399	10,622	↑ 7.3%
EBIT margin ⁽¹⁾	25.2%	25.5%	↓ 0.3%pt
EBIT margin (excluding Mainland of China & int'l subsidiaries)⁽¹⁾	34.8%	34.8%	—
Profit from recurrent businesses⁽²⁾	8,916	8,565	↑ 4.1%
Post-tax profit from property development in Hong Kong and Mainland of China	530	2,329	↓ 77.2%
Profit from underlying businesses⁽²⁾	9,446	10,894	↓ 13.3%
Investment property revaluation	808	2,100	↓ 61.5%
Reported net profit attributable to shareholders of the Company ⁽²⁾	10,254	12,994	↓ 21.1%
Reported EPS (HK\$) ⁽²⁾	1.74	2.22	↓ 21.6%
Underlying businesses EPS (HK\$)⁽²⁾	1.61	1.87	↓ 13.9%
Ordinary dividend per share (HK\$)	1.07	1.06	↑ 1.0%

1. Excluding HK property development

2. Net of non-controlling interests



Hong Kong Transport Operations

Hong Kong Transport Operations

Safety Standards

- World leading safety performance
- Arson incident February 2017

Service Performance

- Over 5.5m passenger trips every weekday
- 99.9% on-time service performance
- Best performance since Merger

Fare Adjustment Mechanism

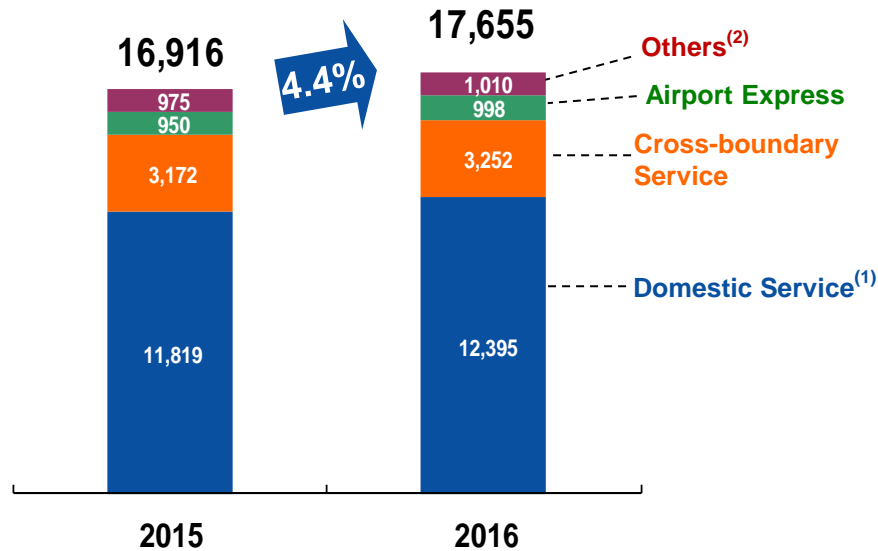
- Transparent and objective
- Sustains quality service
- Affordable fares
- Early review - Discussions on-going with Government

Hong Kong Transport Operations

Total Patronage: 1,948.8 million **0.5%**

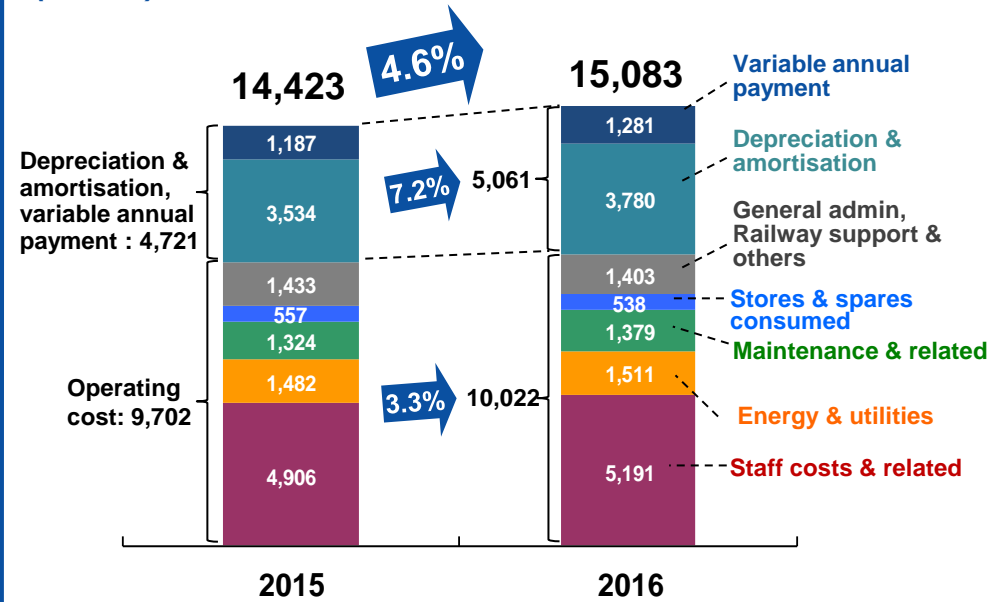
Revenue

(HK\$m)



Cost

(HK\$m)



EBITDA:
HK\$7,633m

5.8%

Margin:
43.2%

0.6 %pt

EBIT⁽³⁾:
HK\$2,572m

3.2%

Margin:
14.6%

0.1 %pt

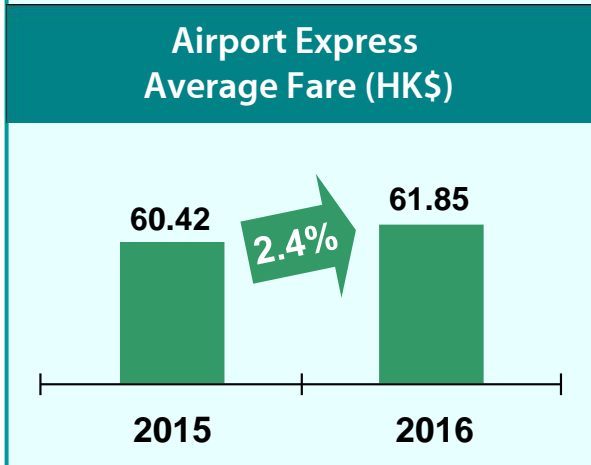
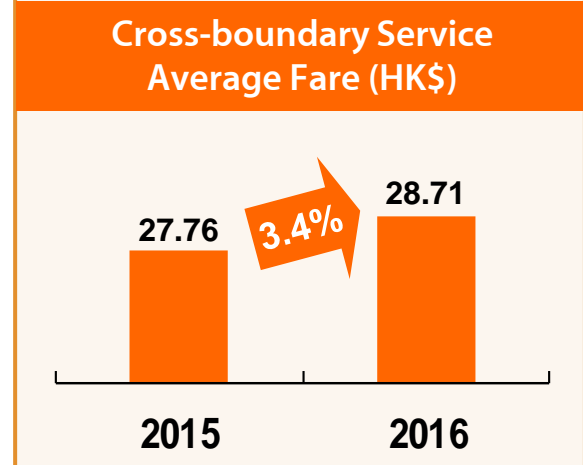
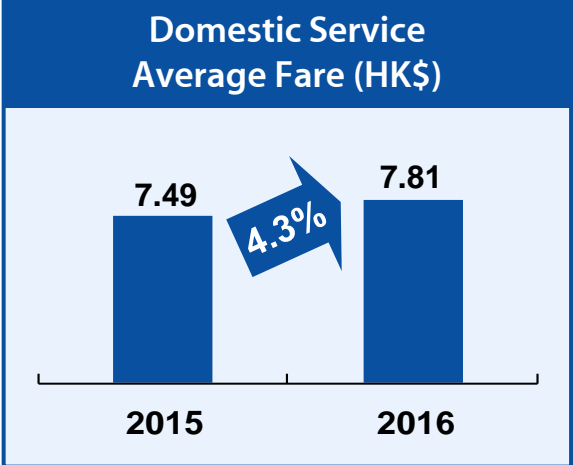
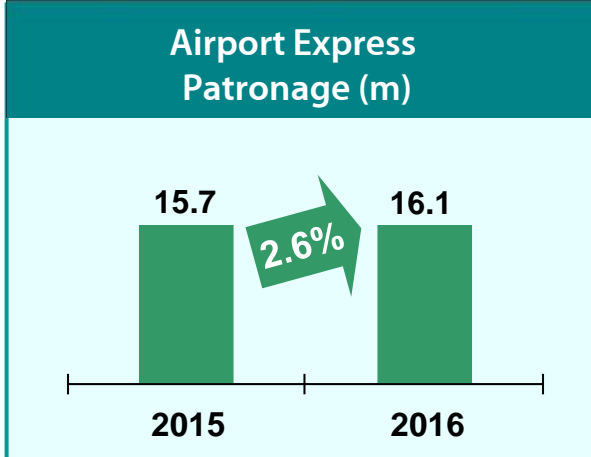
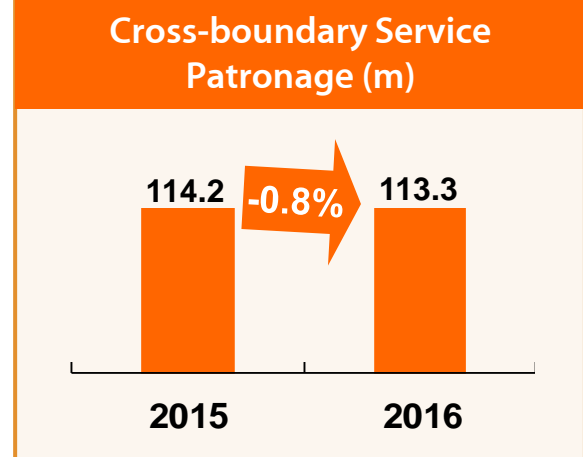
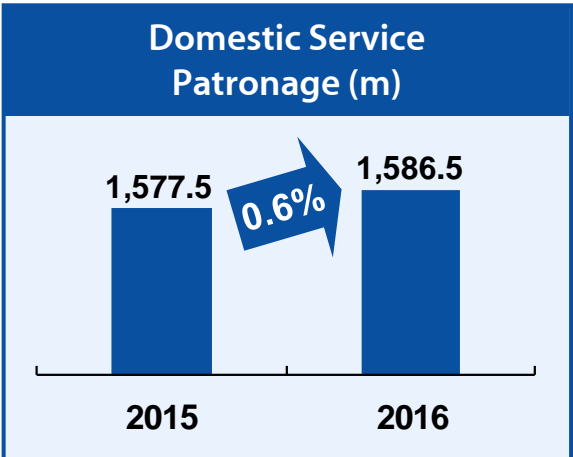
1. Domestic Service comprises the Kwun Tong, Tsuen Wan, Island, South Island, Tung Chung, Tseung Kwan O, Disneyland Resort, East Rail (excluding Cross-boundary Service), West Rail and Ma On Shan lines
2. Others comprise Light Rail, Bus, Intercity and other rail related income
3. After depreciation, amortisation and variable annual payment to KCRC

Revenue from Hong Kong Transport Operations

Fare revenue for Domestic Service⁽¹⁾:
HK\$12,395m **4.9%**

Fare revenue for Cross-boundary Service:
HK\$3,252m **2.5%**

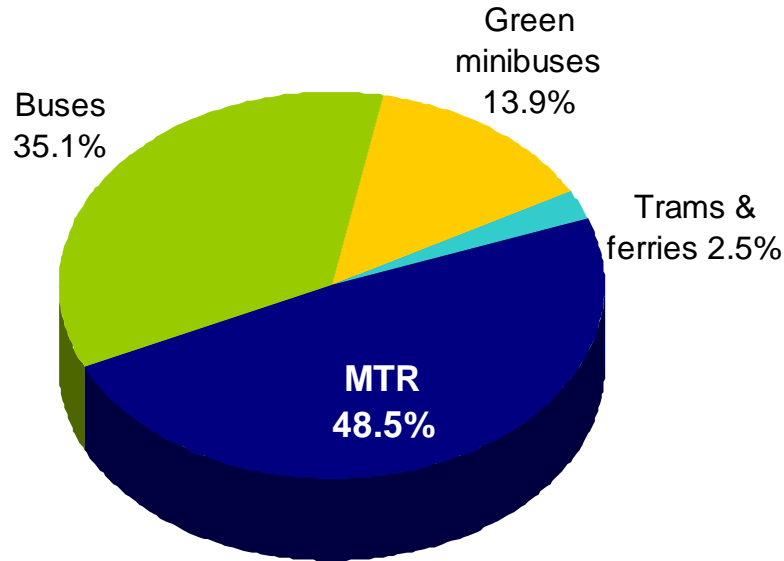
Fare revenue for Airport Express:
HK\$998m **5.1%**



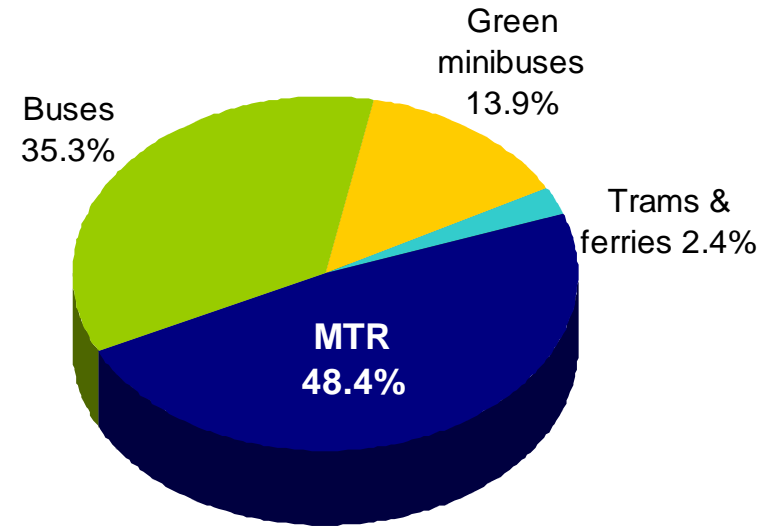
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MTR Corporation

Market Share

Hong Kong Franchised Public Transport

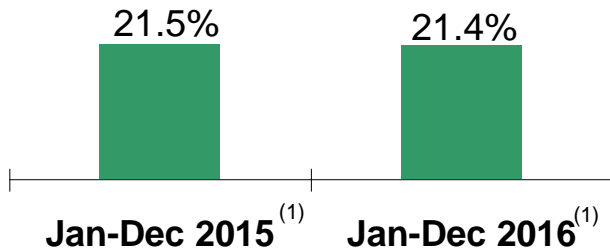


Jan – Dec 2015

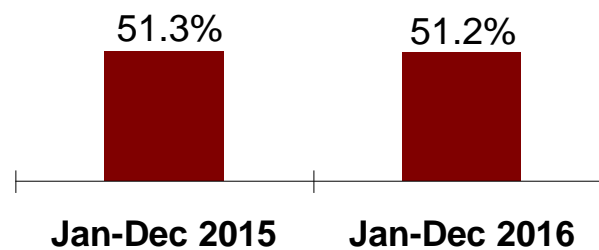


Jan – Dec 2016

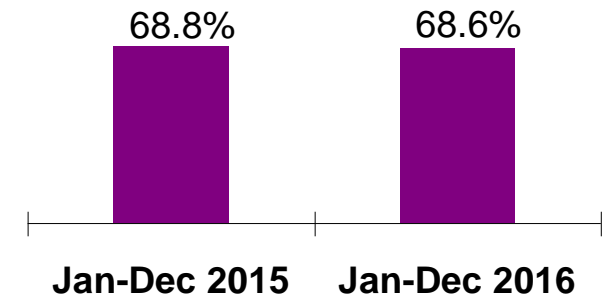
Airport Express



Cross-boundary



Cross-harbour



Sources: The Transport Department / Immigration Department / Airport Authority Hong Kong

1. Calculation based on the proportion of air passenger using Airport Express over the total air passenger figures reported by the Airport Authority Hong Kong

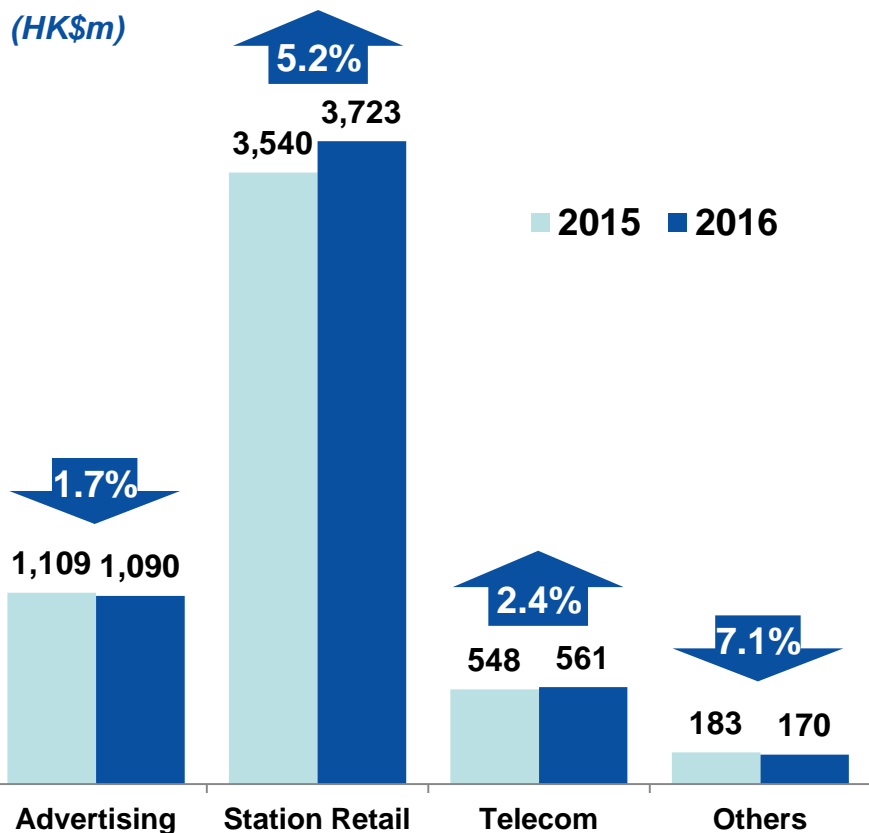


Hong Kong Station Commercial Businesses

Hong Kong Station Commercial Businesses

Revenue: HK\$5,544m ↑ 3.0%	Operating Cost: HK\$532m ↓ 3.3%	EBITDA: HK\$5,012m ↑ 3.8%	Margin: 90.4% ↓ 0.6%pt	Depreciation & Amortisation: HK\$148m ↑ 4.2%	Variable Annual Payment: HK\$502m ↑ 9.6%	EBIT ⁽¹⁾ : HK\$4,362m ↑ 3.1%	Margin: 78.7% ↓ 0.1%pt
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Revenue



- **Advertising** business impacted by softer advertising market
- **Station retail**
 - revenue increased attributable to
 - positive rental reversions
 - increase in rents from Duty Free Shops (DFS)
 - **1,392** shops and **57,151** sqm station retail space as at 31 Dec 2016
 - DFS rental contracts renewed Nov 2016
- **Telecom** revenue increased mainly due to network upgrade and increase in mobile data capacity by telecom service operators

1. After depreciation, amortisation and variable annual payment to KCRC



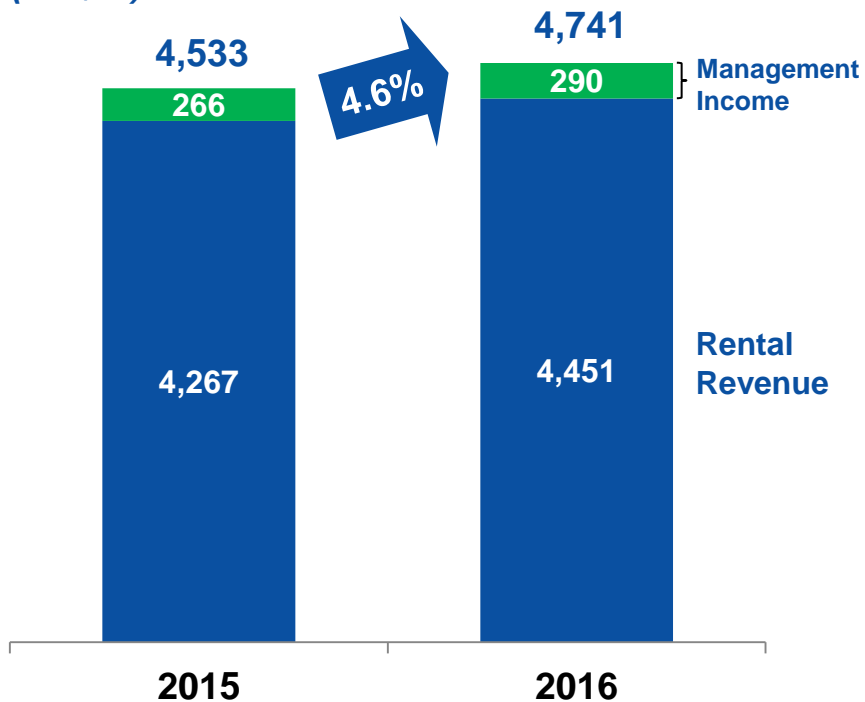
Hong Kong Property Businesses

Hong Kong Property Rental and Management Businesses

Revenue: HK\$4,741m ↑ 4.6%	Operating Cost: HK\$811m ↓ 6.2%	EBITDA: HK\$3,930m ↑ 7.1%	Margin: 82.9% ↑ 2.0%pts	Depreciation & Amortisation: HK\$14m --- No Change ---	Variable Annual Payment: HK\$4m --- No Change ---	EBIT⁽¹⁾: HK\$3,912m ↑ 7.2%	Margin: 82.5% ↑ 2.0%pts
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Revenue

(HK\$m)



- Rental reversion of 3.4% at shopping malls
- MTR shopping malls and 18 floors at Two IFC remained ~100% let
- Investment properties lettable floor area – 31 Dec 2016
 - HK Retail: **212,538** sqm⁽²⁾
 - HK Offices: **39,410** sqm⁽²⁾
- Operating cost reduced due to one-off provisions in 2015. Excluding these one-off provisions, operating cost would have increased by 2.5%

1. After depreciation, amortisation and variable annual payment to KCRC

2. Lettable floor area attributable to MTR

Hong Kong Property Development

Development Profit

- Pre-tax profits of HK\$311 million mainly from sundry income sources including the booking of profits relating to the kindergarten at Hemera

Property Tender

- LOHAS Park Package 10 awarded to a subsidiary of Nan Fung Group in Mar 2016
- Ho Man Tin Station Package 1 awarded to a consortium led by Goldin Financial in Dec 2016
- Wong Chuk Hang Station Package 1 awarded to a consortium formed by Road King Infrastructure and Pingan Real Estate Capital in Feb 2017

Presale (as agent for KCRC)

- The presale of The Spectra (the Long Ping Station (North) site) launched in March 2016; 91% of 912 units sold by end-Feb 2017
- The presale of THE PAVILIA BAY (Tsuen Wan West Station (TW6) site) launched in January 2017; about 78% of 983 units sold by end-Feb 2017



Ho Man Tin Station Site



Wong Chuk Hang Station Site

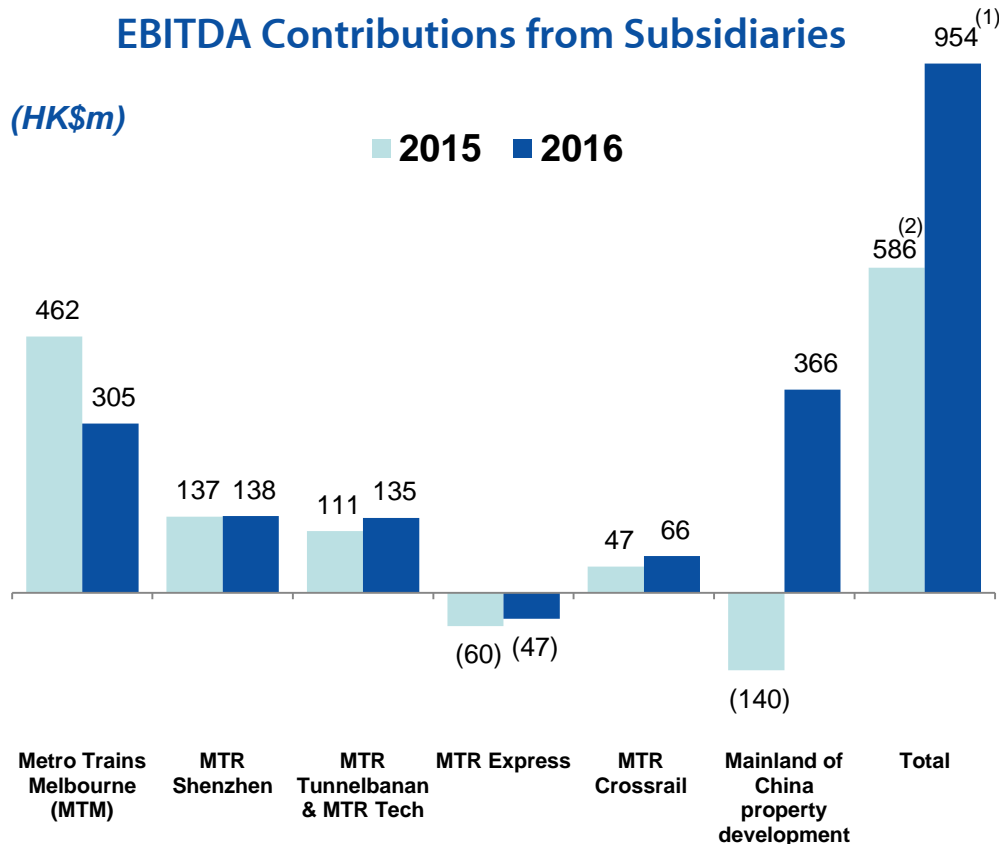


Mainland of China & International Businesses

Mainland of China and International Businesses - Subsidiaries

EBITDA contribution : HK\$954m **62.8%**

EBITDA Contributions from Subsidiaries



■ Metro Trains Melbourne (MTM)

- Decrease in EBITDA due to additional expenditure on refranchising and lower contribution from maintenance and overhaul activities
- Existing concession ends in Nov 2017 – submitted a proposal in Dec 2016 to extend the franchise

■ MTR Shenzhen

- EBITDA was largely stable
- 5.1% increase in patronage to 199 million (average weekday patronage of 550,000)

■ MTR Tunnelbanan & MTR Tech⁽³⁾

- Acquisition of remaining 50% shareholding of TBT, now renamed MTR Tech
- Record high customer satisfaction

■ MTR Express

- Patronage still below original forecast
- High levels of operational performance and customer satisfaction

■ MTR Crossrail

- First full year of operations
- Improved operational performance

■ Mainland of China property development

- Profit recognised from the low-rise units in Tiara

1. Included net operating loss of HK\$9m from the combined results of Mainland of China property rental & management, pre-operating expenses of MTR Pendeltågen and Sydney Metro Northwest

2. Included operating profit of HK\$29m from Mainland of China property rental & management and Sydney Metro Northwest

3. MTR acquired the remaining 50% interest in Tunnelbanan Teknik Stockholm ("TBT") on 15 Feb 2016. TBT was renamed "MTR Tech" thereafter

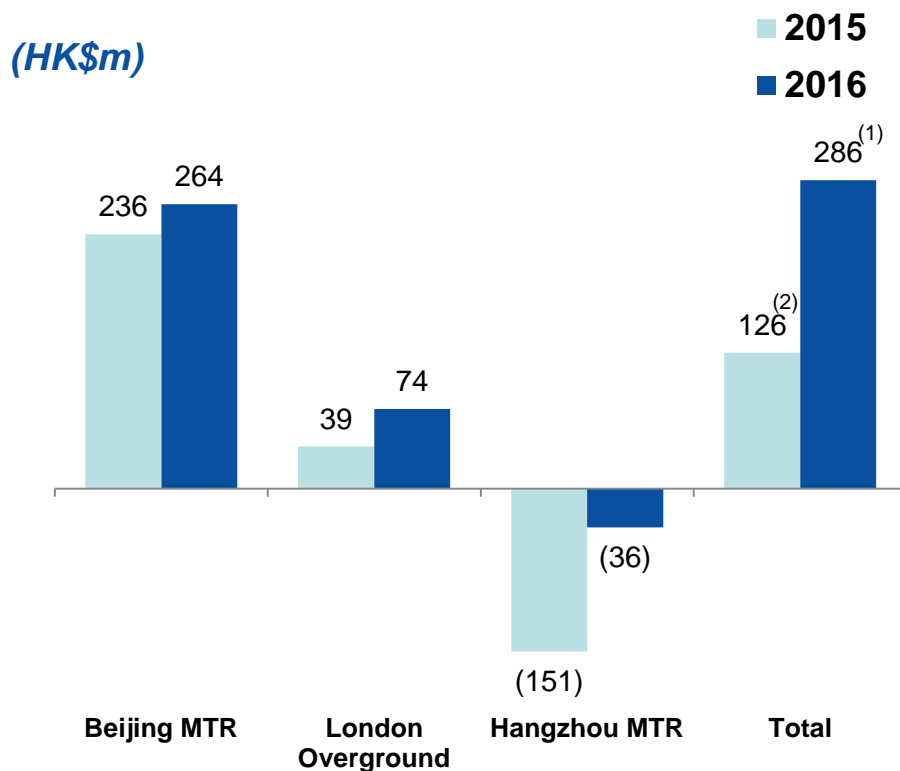
Mainland of China and International Businesses - Associates

Post-tax profit contribution

: HK\$286m

127%

Share of Results of Associates



■ Beijing MTR

- Profit increased by HK\$28 million mainly due to the commencement of PPP franchise for Beijing Metro Line 14
- Patronage: Beijing Metro Line 4 (BJL4) and Daxing Line
 - 442 million up 3% (1.29 million/ weekday)
 - Beijing Metro Line 14
 - 191 million (591,000/ weekday)

■ Hangzhou MTR

- Net loss reduced by 76% mainly due to optimisation of operation costs and higher revenue from patronage increase
- Patronage 199 million up 12% (537,000/ weekday)

■ London Overground

- Concession ended in Nov 2016

■ Tianjin TJ Metro MTR Construction (Tianjin MTR)

- Obstacles include softening market demand in Tianjin and significant increase in the estimated construction cost due to a more complex basement construction
- Exploring various options including one whereby Tianjin MTR and the project will be restructured by the introduction of a third party

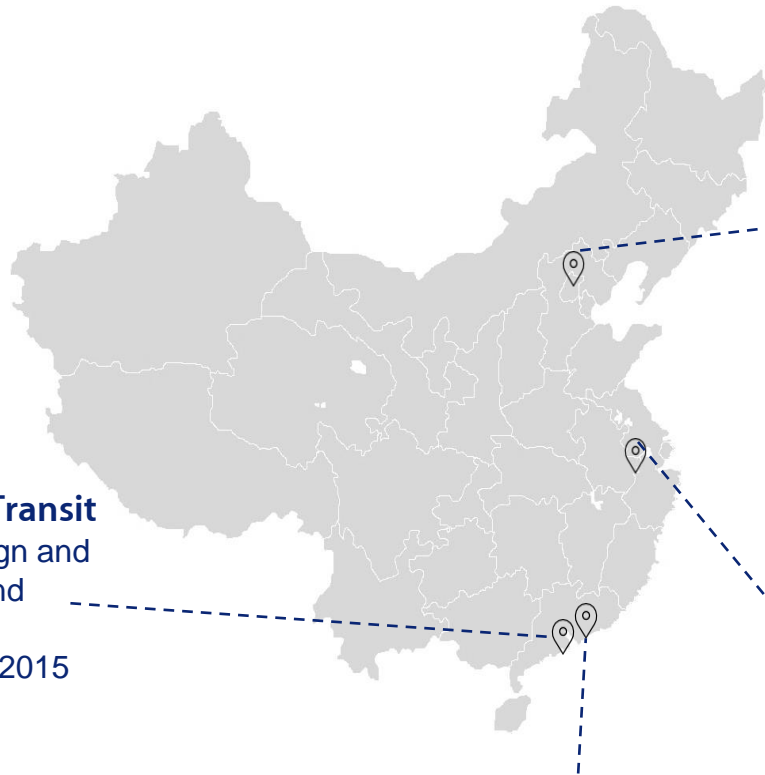
1. Included net loss of HK\$16m from combined results of TBT up to 15 Feb 2016, Tianjin TJ Metro MTR, and associates related to Sydney Metro Northwest and MTR Pendeltågen

2. Included net profit of HK\$2m from TBT and the associate related to Sydney Metro Northwest



Growth Initiatives Outside of Hong Kong

Growth Initiatives - Mainland of China & Macau



Macau Light Rapid Transit

- Consultancy for design and construction of rail and depot
- Contract period: Oct 2015 to Mar 2018

Shenzhen Metro Line 4 (SZL4) - Northern Extension

- Project management agreement to supervise the construction of the Northern Extension of SZL4
- Route length: 10.7km (8 stations)
- To commence operation in 2020

Beijing

■ Beijing Metro Line 16

- PPP Concession for 30 years
- Route length: 50km (29 stations)
- Phase 1: Dec 2016; full line: after 2018
- BJMTR Investment: ~RMB¥15b

■ Framework Agreement with Beijing Infrastructure Investment Corporation

- Joint preliminary studies on integrated development of stations and depot sites along BJL4 and Daxing Line

Hangzhou Metro Line 5

- Bid submitted to Hangzhou Metro Group (HMG) May 2016 for 25-year PPP concession
- Route length: 51.5km (38 stations)
- Tender withdrawn by HMG; awaiting further direction from HMG

Growth Initiatives – International

Sweden

Stockholms pendeltåg (Stockholm commuter rail)

- Awarded the O&M concession in Dec 2015
- 10-year concession with an option to extend for 4 more years
- 241km of route length and 53 stations
- Commuter train service in the greater Stockholm area
- Rolling stock maintenance through a 50% owned associate
- Took over the operation in Dec 2016



Stockholms pendeltåg train



MTM train

Metro Train Melbourne (MTM)

- Current concession ends in Nov 2017
- Submitted proposal on 23 Dec 2016 for an extension of an additional 7 years (plus a 3-year option)
- Results expected in 1H 2017

Skåne county commuter rail (Pågatåg)

- Submitted bid in Dec 2016
- O&M concession period: 8 years
- 7 lines and 74 stations
- Results expected in 2H 2017

Australia

Sydney Metro

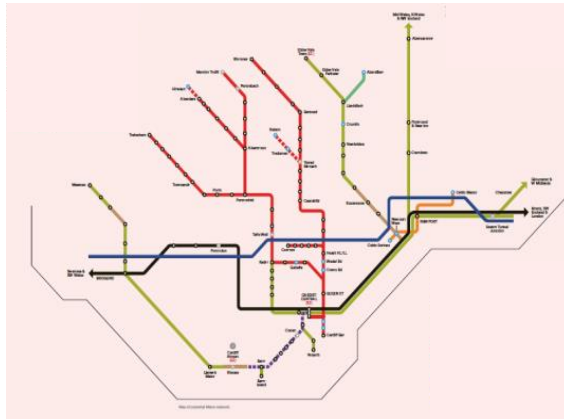
- Sydney Metro Northwest (SMNW) progressing
- Exploring potential participation in Sydney Metro City & Southwest, the 30km extension of SMNW

Growth Initiatives – International

United Kingdom

South Western Rail Franchise

- Submitted tender in Sep 2016; results due later this year
- O&M Concession period: 7 years
- MTR (30%) and FirstGroup (70%)



Wales & Borders Map



South Western Rail Map

Wales and Borders Rail Franchise

- Prequalified to bid for the franchise
- O&M Concession period: 15 years
- Invited to enter dialogue phase of the tender process with formal tender expected in 2H 2017



Growth Initiatives in Hong Kong

MTR Owned Projects



Ho Man Tin Station

Kwun Tong Line Extension



- 3-km Extension opened on 23 Oct 2016
- Extends the Kwun Tong Line from Yau Ma Tei Station to new stations in Ho Man Tin and Whampoa
- To date approximately 13 million passengers have used the Extension, with daily average usage of over 100,000

South Island Line (East)



- 7-km new line opened on 28 Dec 2016
- Extends our services from Admiralty to the Southern District of Hong Kong Island
- Four new stations – Ocean Park, Wong Chuk Hang, Lei Tung and South Horizons
- Bring our services to all 18 districts in Hong Kong
- To date approximately 7 million passengers have used the Extension, with daily average usage of over 110,000



Admiralty Station

Rail Projects under Project Management

Express Rail Link (XRL)



Progress Achieved (as at end-2016)

- Tunnel works substantially complete
- Overall 96% of track had been laid
- West Kowloon Terminus (WKT) 83% complete

Major Challenges

- Speed of fabrication of glazing and aluminium panels for external wall system at Station Entrance Building of WKT
- Significant amount of Electrical & Mechanical works

XRL Arrangements

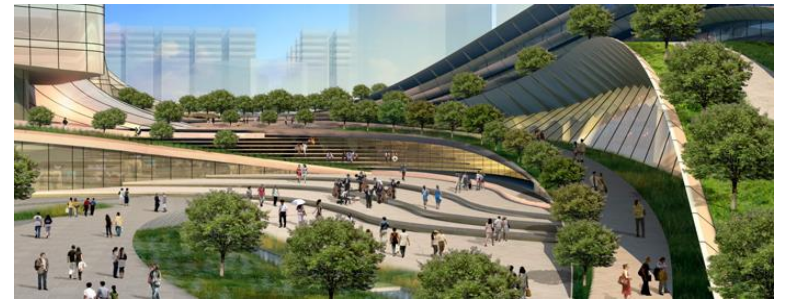
- Signing of XRL Agreement on 30 Nov 2015
- Approved by independent shareholders on 1 Feb 2016
- Approval by Legislative Council (LegCo) on 11 Mar 2016
- First tranche of special dividend of HK\$2.2 per share paid on 13 Jul 2016
- Second tranche (of HK\$2.2 per share) to be paid together with 2016 final ordinary dividend

Target Completion and Project Cost Estimates

- Completion timetable remains in **3Q 2018**, with project cost estimate remaining at **HK\$84.42** billion



West Kowloon Terminus



Photomontage of West Kowloon Terminus

87% complete



Rail Projects under Project Management

Shatin to Central Link



Overall project 68% complete (as at end-2016)

East West Corridor (EWL)

Progress Achieved

- Breakthrough of the 11-km tunnel section from Tai Wai to Hung Hom in Aug 2016
- Track laying works in progress with 54% of tracks laid
- 3 stations topped out

Major Challenges

- An 11-month delay due to the discovery of archaeological relics in the To Kwa Wan area

Target Completion

- With successful recovery measures, target completion now advanced to mid-2019



Kai Tak Station



Hin Keng station



83% complete

Rail Projects under Project Management

Shatin to Central Link



North South Corridor (NSL)

Progress Achieved

- Uptrack and downtrack tunnel drives from Causeway Bay to Exhibition Station completed
- Underwater dredging for cross-harbour alignment 75% complete
- The concrete structure of immersed tube tunnel units completed

Major Challenges

- Previously reported a 6-month delay due to anticipated late hand-over of construction sites for the new Exhibition Station
- A further 3-month delay resulting from the late site handover with incomplete entrusted works by another third party contractor at Wan Chai North
- A total expected delay of 9 months

Target Completion remains in 2021



Exhibition Station Site



Entrance of SCL in Admiralty



45% complete

Rail Projects under Project Management

Shatin to Central Link



Funding Agreements for SCL Construction

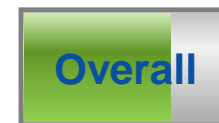
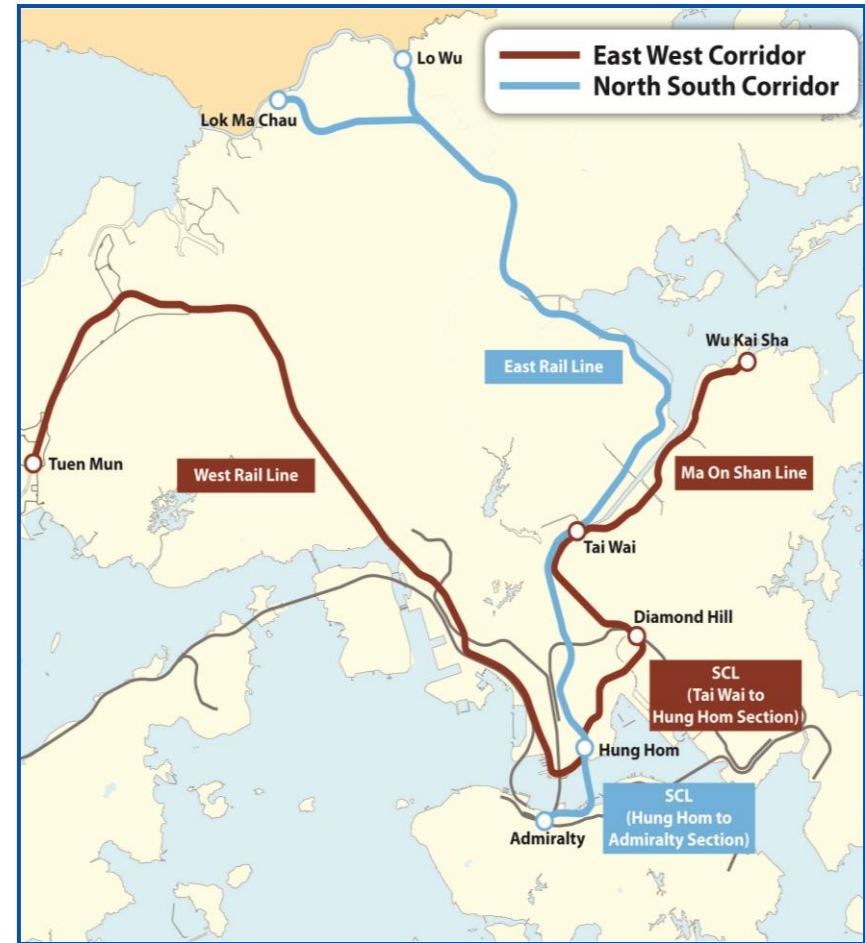
- SCL Advance Works Entrustment Agreement
- SCL Entrustment Agreement

SCL Advance Works Entrustment Agreement

- Completed our review and notified Government of our revised estimate of HK\$8.6 billion, which is HK\$847 million more than the approved estimate

SCL Entrustment Agreement

- Project cost estimate to be revised upwards significantly
- Given the complexity of the project works, the continuing uncertainties and with NSL being only 45% complete, a detailed review of the project cost estimate will only be completed in **2H 2017**

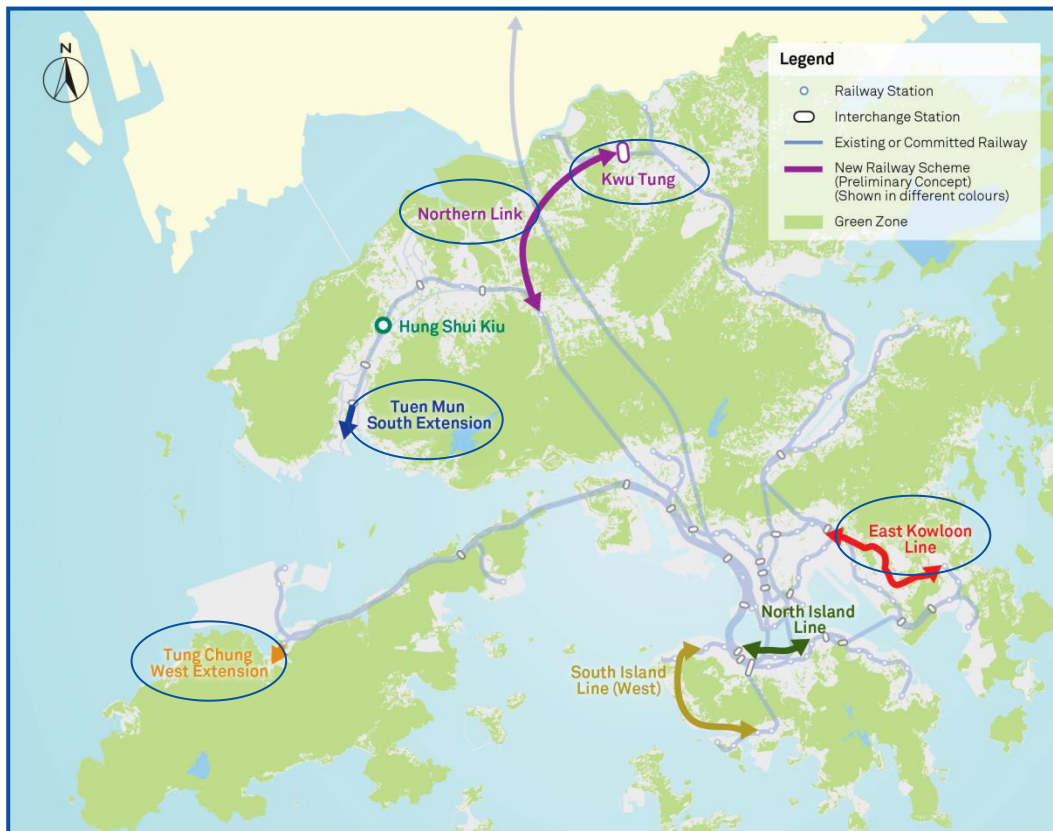


68% complete

Railway Development Strategy 2014

New Railway Projects

- Invited to submit project proposals for **Tuen Mun South Extension, Northern Link (and Kwu Tung Station), East Kowloon Line** and **Tung Chung West Extension (and Tung Chung East Station)**
- Submitted project proposal for **Tuen Mun South Extension** in Dec 2016
- Technical studies for the other three projects are underway



Project	Route Length (km)
Tuen Mun South Extension	2.4
Northern Link (and Kwu Tung Station)	10.7
East Kowloon Line	7.8
Tung Chung West Extension (and Tung Chung East Station)	1.5
North Island Line	5.0
Hung Shui Kiu Station	-
South Island Line (West)	7.4
Total	34.8

New Investment Property Initiatives

40% increase in attributable GFA of existing retail portfolio



Hong Kong Property Development

Tendered MTR developments: About 18,000 residential units (GFA : over 1.1 million sqm)

Property Tender	Date of Tender Award	Developer partner (a subsidiary of)	Residential Gross Floor Area (sq m)	Units	Latest Project Status		
					Design	Foundation works	Superstructure
LOHAS Park Package 4	Apr 2014	Sun Hung Kai	122,302	~2,170	Completed	Completed	In progress
Tai Wai Station	Oct 2014	New World	190,480	~3,090	Completed	In progress	To start in 1H17
LOHAS Park Package 5	Nov 2014	Wheelock	102,336	~1,600	Completed	Completed	In progress
LOHAS Park Package 6	Jan 2015	Nan Fung	136,970	~2,390	Completed	Completed	To start in 1H17
Tin Wing Stop	Feb 2015	Sun Hung Kai	91,051	~1,900	Completed	To start in 1H17	
LOHAS Park Package 7	Jun 2015	Wheelock	70,260	=<1,250	Completed	In progress	To start in 2H17
LOHAS Park Package 8	Oct 2015	Cheung Kong	97,000	=<1,430	In progress		
LOHAS Park Package 9	Dec 2015	Wheelock	104,110	=<1,780	In progress	In progress	
LOHAS Park Package 10	Mar 2016	Nan Fung	75,400	=<1,170	In progress	To start in 1H17	
Ho Man Tin Station Package 1	Dec 2016	Goldin Financial	69,000	800-1,000	In progress		
Wong Chuk Hang Station Package 1	Feb 2017	Road King Infrastructure & Pingan Real Estate Capital	53,600	800			

- Other potential property developments: Siu Ho Wan Depot and Yau Tong Ventilation Building



Financial Results

Mr. Herbert L.W. Hui, Finance Director

Consolidated Profit and Loss Account

	2016	2015	Favourable (adverse) change	
			HK\$m	%
(HK\$m)				
HK transport operations	17,655	16,916	739	4.4
HK station commercial and HK property rental & management businesses	10,285	9,913	372	3.8
Mainland of China & international railway, property rental and management subsidiaries	13,478	12,572	906	7.2
Mainland of China property development subsidiary	1,348	-	1,348	n/a
Other businesses	2,423	2,300	123	5.3
Total revenue	45,189	41,701	3,488	8.4
Operating expenses excluding Mainland of China & international subsidiaries	(14,004)	(13,595)	(409)	(3.0)
Expenses relating to Mainland of China & international railway, property rental and management subsidiaries	(12,890)	(11,846)	(1,044)	(8.8)
Expenses relating to Mainland of China property development subsidiary	(982)	(140)	(842)	(601.4)
Total operating expenses	(27,876)	(25,581)	(2,295)	(9.0)
EBITDA excluding Mainland of China & international subsidiaries	16,359	15,534	825	5.3
EBITDA relating to Mainland of China & international railway, property rental and management subsidiaries	588	726	(138)	(19.0)
EBITDA relating to Mainland of China property development subsidiary	366	(140)	506	n/a
Total EBITDA	17,313	16,120	1,193	7.4
HK property development profit	311	2,891	(2,580)	(89.2)
Total operating profit	17,624	19,011	(1,387)	(7.3)
Depreciation & amortisation	(4,127)	(3,849)	(278)	(7.2)
Variable annual payment	(1,787)	(1,649)	(138)	(8.4)
Interest and finance charges	(612)	(599)	(13)	(2.2)
Investment property revaluation	808	2,100	(1,292)	(61.5)
Share of profit of associates	535	361	174	48.2
Profit before taxation	12,441	15,375	(2,934)	(19.1)
Income tax	(2,093)	(2,237)	144	6.4
Reported net profit attributable to shareholders of the Company⁽¹⁾	10,254	12,994	(2,740)	(21.1)
Reported earnings per share (HK\$)	1.74	2.22	(0.48)	(21.6)
Profit from underlying businesses⁽¹⁾	9,446	10,894	(1,448)	(13.3)
Underlying businesses EPS (HK\$)	1.61	1.87	(0.26)	(13.9)
Final ordinary dividend per share (HK\$)	0.82	0.81	0.01	1.2
Total ordinary dividend per share (HK\$)	1.07	1.06	0.01	0.9

1. Net of non-controlling interests of HK\$94 million and HK\$144 million in 2016 and 2015 respectively

Segmental Profits of Underlying Businesses

	<u>2016</u>	<u>2015</u>	<u>Favourable (adverse) change</u>	
<i>(HK\$m)</i>			HK\$m	%
HK transport operations ⁽¹⁾	2,572	2,493	79	3.2
Hong Kong station commercial ⁽¹⁾	4,362	4,230	132	3.1
Hong Kong property rental and management ⁽¹⁾	3,912	3,650	262	7.2
Mainland of China and international railway, property rental & management (including railway associates) ⁽²⁾	888	852	36	4.2
Project studies & business development expenses	(361)	(304)	(57)	(18.8)
Others ⁽³⁾	317	289	28	9.7
EBIT on recurrent businesses	11,690	11,210	480	4.3
Interests on recurrent business profit ⁽⁴⁾	(775)	(726)	(49)	(6.7)
Tax on recurrent business profit ⁽⁵⁾	(1,999)	(1,919)	(80)	(4.2)
Post-tax recurrent business profit	8,916	8,565	351	4.1
Post-tax HK property development profit	267	2,416	(2,149)	(88.9)
Post-tax Mainland of China property development profit	263	(87)	350	n/a
Post-tax property development profit	530	2,329	(1,799)	(77.2)
Profit from underlying businesses	9,446	10,894	(1,448)	(13.3)

Note:

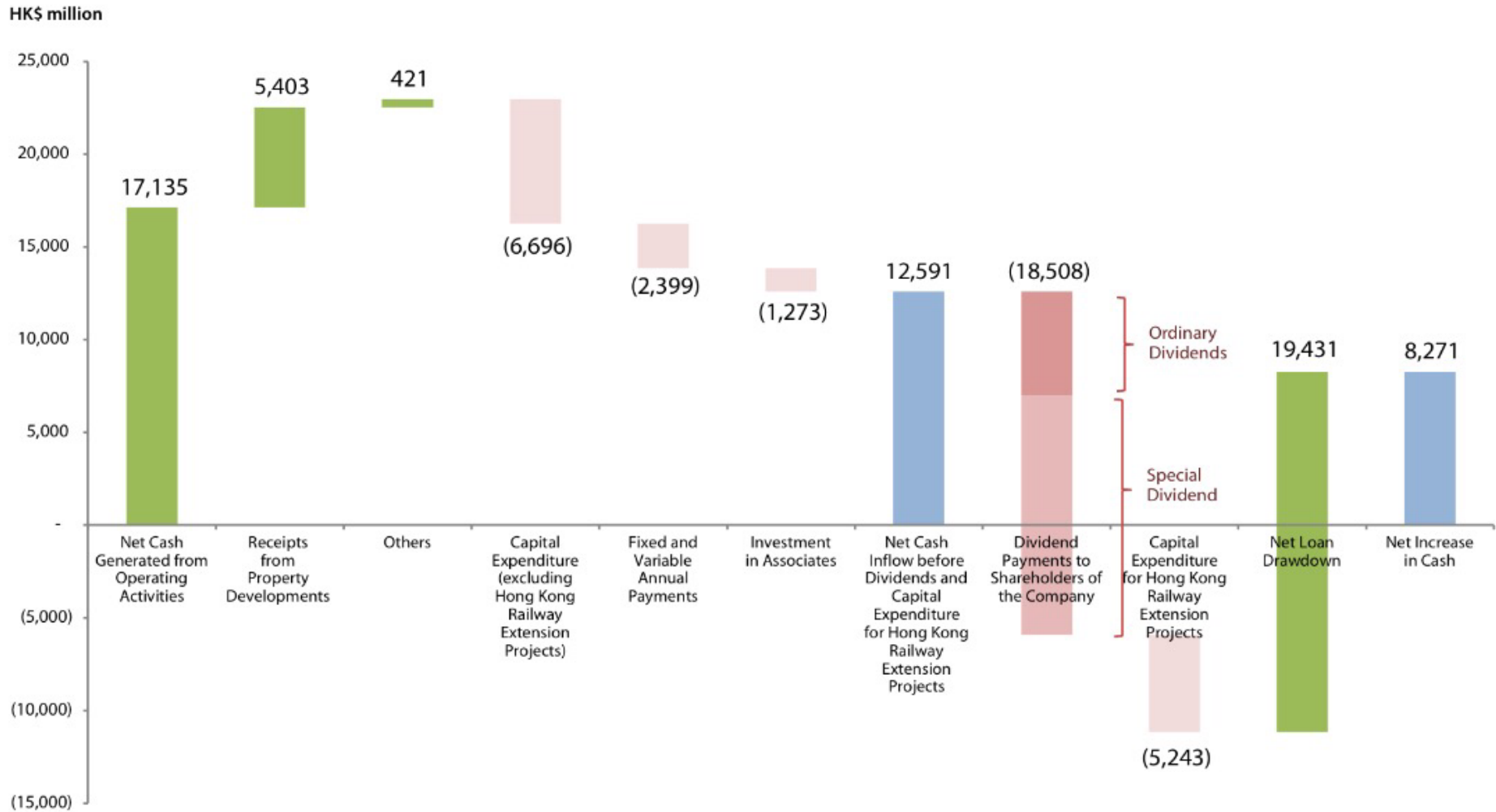
All segmental profits shown are pre-tax profits.

1. After variable annual payment to KCRC
2. Net of non-controlling interests
3. Includes profit from consultancy and Ngong Ping 360, and share of EBIT from Octopus Holdings Limited
4. This includes our share of interest and finance charges incurred by associates
5. This includes our share of tax incurred by associates

Consolidated Statement of Financial Position

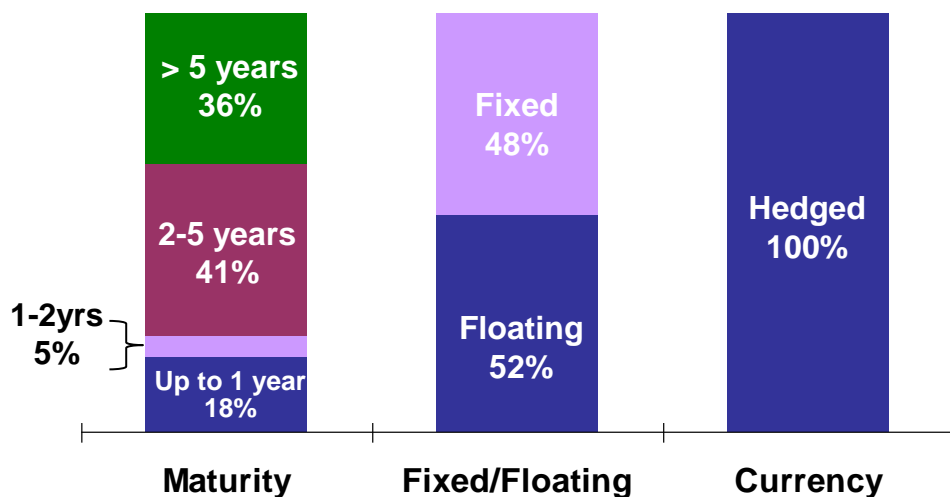
(HK\$m)	<u>31 Dec 2016</u>	<u>31 Dec 2015</u>	<u>Increase (Decrease)</u>	
			<u>HK\$m</u>	<u>%</u>
<u>Assets</u>				
Investment properties	70,060	68,388	1,672	2.4
Other property, plant and equipment	103,613	79,576	24,037	30.2
Service concession assets	28,269	27,755	514	1.9
Railway construction in progress	-	19,064	(19,064)	(100.0)
Property development in progress	17,484	17,983	(499)	(2.8)
Interests in associates	7,015	5,912	1,103	18.7
Properties held for sale	1,394	1,139	255	22.4
Debtors, deposits and payments in advance	4,073	5,135	(1,062)	(20.7)
Amounts due from related parties	2,171	1,636	535	32.7
Cash, bank balances and deposits	20,290	12,318	7,972	64.7
Others	2,971	2,197	774	35.2
Total Assets	257,340	241,103	16,237	6.7
<u>Liabilities</u>				
Debts	39,939	20,811	19,128	91.9
Creditors and accrued charges	30,896	22,860	8,036	35.2
Current taxation	123	953	(830)	(87.1)
Amounts due to related parties	11,783	1,858	9,925	534.2
Obligations under service concession	10,507	10,564	(57)	(0.5)
Deferred tax liabilities	12,125	11,209	916	8.2
Others	2,411	2,677	(266)	(9.9)
Total Liabilities	107,784	70,932	36,852	52.0
Total Equity	149,556	170,171	(20,615)	(12.1)

Cash Flow (for the year ended 31 Dec 2016)



Financing and Credit Ratios

Company Debt Profile (31 Dec 2016)⁽¹⁾



Consolidated group borrowings outstanding:

HK\$39,939m (HK\$20,811m as at 31 Dec 2015)

Average borrowing cost⁽²⁾ : **2.9%**

0.6 %pt

Net interest expense⁽²⁾: **HK\$612m**

2.2%

Compared to 2015 figures

	Dec 2016	Dec 2015
Net Debt / Equity ratio⁽²⁾	20.2%	11.3%
Interest cover	2016	2015
	12.7x	14.4x

1. Excludes Mainland of China and overseas subsidiary debts

2. Including obligations under service concession and loan from holders of non-controlling interests of a subsidiary as components of debt



Outlook

Recurrent Businesses

Hong Kong Transport Operations

- Positive impact from the full year effect of the opening of Kwun Tong Line Extension and South Island Line (East)
- Albeit, there will be significant increase in related depreciation and interest expenses

Station Commercial and Property Rental Businesses

- Rental reversions subject to market conditions
- Advertising business impacted by economic conditions and retail sales
- Opening of our new mall extensions in Maritime Square and Telford Plaza in 2H 2017

Businesses outside Hong Kong

- Currency movements may affect profits when translated back into HK dollars
- Full year contribution of Phase 1 of Beijing Metro Line 16 and Stockholms pendeltåg

Property Development Businesses

Hong Kong

- Over the next 12 month or so, subject to market conditions, looking at tendering out LOHAS Park Packages 11 and 12, Packages 2 and 3 at Wong Chuk Hang Station, Package 2 at Ho Man Tin Station, Yau Tong Ventilation Building site¹ and, as agent for KCRC, first package of Kam Sheung Road Station site

Shenzhen - Tiara

- High-rise units (bulk of the development) to be handed over in mid-2017
- Profit booking upon handover of units

1. Subject to re-zoning and other statutory approvals