



## MAINLAND CHINA AND INTERNATIONAL BUSINESSES



**12**

Railway Services in  
4 Countries

**3,255 km**

Operating Route Length  
Outside of Hong Kong

**1.7 billion**

Total Patronage  
Outside of Hong Kong

## AIM

Our Mainland China and International Businesses, representing one of the Company's three core pillars for strategic growth, allow us to export our brand and know-how in railway services to major growth markets outside Hong Kong, generating diversified revenue streams and positioning MTR as a leading global provider of environmentally friendly mass transit.

## CHALLENGES

COVID-19 continued to pose challenges in Mainland China and overseas as local authorities worked to get the pandemic under control. Meanwhile, varying operating and investment models, higher customer service expectations, and the entry of new players to international passenger rail markets all continued to alter the competitive landscape.

## OUTLOOK

Our Mainland China and International Businesses form a key component of the Company's future. As such, we will continue to explore new opportunities outside of Hong Kong that will help expand and further diversify our businesses – both geographically and operationally – while securing our existing contracts through the consistent delivery of world-class railway construction, operations and maintenance.

COVID-19 is expected to keep affecting our businesses outside Hong Kong for a while, but the extent to which it impacts revenue is dependent on the business models of different contracts. The emergence of effective vaccines, rising vaccination rates and increased patronage in certain markets are positive indications that continued gradual recovery is possible.

In the meantime, a number of new railway lines have either recently opened or are targeted for completion soon and will thus begin generating revenue for the Company in the near term and beyond. In Mainland China, these include the final section of Beijing Metro Line 14 and the initial section of Beijing Metro Line 17, both of which opened in end-2021, and the full Beijing Metro Line 16, which is scheduled for completion after 2022 the earliest.

## STRATEGIES

During the year, the Company pursued new transit-oriented development ("TOD") opportunities in Mainland China, "Rail plus Property" development opportunities in Europe and Australia, and the further diversification of its revenue streams through asset replacement, maintenance, and public-private partnership ("PPP") infrastructure development opportunities while retaining existing contracts by providing consistently excellent service.

MTR is involved in the construction, operations and maintenance of railway networks in Mainland China, Macao, Europe and Australia. In 2021, MTR and its subsidiaries, associates, and joint ventures carried an average of approximately 5.3 million passengers per

weekday and a total of 1,700 million passengers for the year across these important markets. The Company is also involved in the development, rental and management of quality properties in Mainland China.

## RAILWAY BUSINESSES IN MAINLAND CHINA

### Beijing

In Beijing, our associate operates Beijing Metro Line 4 (“BJL4”), the Daxing Line, Beijing Metro Line 14 (“BJL14”), the Northern Section and Middle Section of Beijing Metro Line 16 (“BJL16”), and the initial section of Beijing Metro Line 17 (“BJL17”). The average on-time performance of these lines in 2021 was 99.9%. Gradual recovery from the COVID-19 pandemic saw patronage increase during the year compared to 2020.

#### Beijing Metro Line 4 and the Daxing Line

BJL4 and the Daxing Line both maintained stable operations in 2021. Together, the two lines recorded approximately 317 million passenger trips and average weekday patronage of 980,000, representing increases of 32.5% and 32%, respectively, compared to 2020.

#### Beijing Metro Line 14

In 2021, the first three phases of BJL14 recorded combined passenger trips of approximately 202 million and average weekday patronage of approximately 651,000, both representing year-on-year increases of 35% and 36%, respectively.

The final section of BJL14 opened for passenger service on 31 December 2021. This 5-station section links the first three phases of BJL14, creating a full 50.8-km BJL14 with 35 stations that runs through several thriving business districts in the southwest, south and east of Beijing.

#### Beijing Metro Line 16

The Northern and Middle sections of BJL16 recorded combined passenger trips of approximately 45 million and average weekday patronage of approximately 148,000 in 2021. This was the first full year of operation for the Middle Section of BJL16, which opened on

31 December 2020. Yuyuantan East Gate Station, a new station in the Middle Section of BJL16, was opened on 31 December 2021. The full BJL16 is expected to open after 2022 at the earliest.

#### Beijing Metro Line 17

The initial section of BJL17 opened for passenger service on 31 December 2021. This 15.8-km, 7-station Southern Section of BJL17 serves residents living in the southeast of the city. Our associate was awarded a 20-year operations and maintenance concession. Rolling stock will be leased, with lease payments to be made in instalments after the opening of each phase.

### Shenzhen

#### Shenzhen Metro Line 4 and North Extension

Shenzhen Metro Line 4 (“SZL4”) is operated by our wholly owned subsidiary. Both SZL4 and the SZL4 North Extension maintained stable operations in 2021 and on-time train service performance of 99.9%. An improved pandemic situation resulted in a year-on-year increase in patronage of 22% to 189 million passengers. Average weekday patronage was 537,000.

There has been no increase in fares at SZL4 since we began operating the line in 2010. In July 2020, the Shenzhen Municipal Government announced that a new fare adjustment framework for the Shenzhen Metro network would come into effect on 1 January 2021 for a period of five years. This framework is expected to enable the establishment of a fare-setting mechanism and the procedures for fare adjustments. However, as we have been warning repeatedly for some time, if a suitable fare increase and adjustment mechanism are not implemented soon, the long-term financial viability of this line will be impacted.



### Shenzhen Metro Line 13

Our wholly owned subsidiary leads a consortium that was awarded the Shenzhen Metro Line 13 (“SZL13”) PPP contract in 2020. During the year, work on SZL13 included the awarding of signalling and rolling stock contracts. The line is expected to commence service in 2023.

### Hangzhou

#### Hangzhou Metro Line 1, Xiasha Extension and Airport Extension

Our associate operates Hangzhou Metro Line 1 (“HZL1”), the HZL1 Xiasha Extension and HZL1 Airport Extension. In 2021, patronage of HZL1 and its extensions increased

by 24% year-on-year to 267 million. Average weekday patronage for HZL1 and its extensions was 753,000, and on-time train service performance remained at 99.9%.

#### Hangzhou Metro Line 5

In 2021, total patronage of Hangzhou Metro Line 5 was 186 million. Average weekday patronage was 565,000.

#### Rolling Stock Maintenance

Our rolling stock maintenance company with the CRRC Hangzhou Digital Technology Co., Ltd consortium continued to overhaul the rolling stock fleet of certain lines in Hangzhou and Shenzhen as part of the contracts that were awarded in 2020 and 2021.



## PROPERTY BUSINESSES IN MAINLAND CHINA

### Shenzhen

The Tiara residential development at SZL4 Depot Site Lot 1 has a total developable GFA of approximately 206,167 square metres with a retail centre of about 10,000 square metres by GFA. 26 of the remaining 32 residential units were sold as at 31 December 2021.

TIA Mall continued to see reduced foot traffic due to COVID-19, resulting in an average occupancy rate of 74%.

### Beijing

In 2021, the occupancy rate for Ginza Mall in Beijing decreased to 70% due to the pandemic.

### Tianjin

Construction of the Beiyunhe Station shopping mall is in progress and targeted for completion in 2024.

### Property Management

As at 31 December 2021, the Company managed a total of approximately 406,000 square metres of self-developed and other third-party properties in Mainland China.

## MACAO RAILWAY BUSINESS

MTR operates and maintains Macao's first rapid transit system, the Macao Light Rapid Transit Taipa Line. We also provide project management and technical assistance to the Macao Government for the design development and project delivery of Macao Light Rapid Transit extension lines.

From 20 October 2021, train services of the Macao Light Rapid Transit Taipa Line have been suspended temporarily for six months to facilitate the replacement of high-voltage cables by the responsible third-party.



## EUROPE RAILWAY BUSINESSES

### United Kingdom

#### TfL Rail/Elizabeth Line

In London, our wholly owned subsidiary operates the Crossrail operating concession under the TfL Rail brand. Services include Liverpool Street Station to Shenfield, Paddington Station to Heathrow Airport, and Paddington Station to Reading. MTR continues to support the phased opening of TfL Rail, which will be renamed Elizabeth Line upon the opening of the Central Operating Section. Stable operations and on-time performance were achieved throughout the year. Meanwhile, works continued in support of our client for the trial operations stage of the Central Operating Section – which began in November 2021 – to support the client’s objective to open in the first half of 2022. The pandemic continued to impact ridership on TfL Rail, but as this concession has no fare revenue risk, our financial interest is reasonably protected. Overall, financial performance for 2021 was in line with our expectations.

#### South Western Railway

Our associate operates the South Western Railway franchise, one of the largest rail networks in the UK, and achieved stable operations during the year despite the pandemic. Earlier in 2021, we signed a National Rail Contract for a two-year term lasting till May 2023, under which the UK Department for Transport will retain all revenue risk and substantially all cost risk.

### Sweden

MTR is the largest rail operator in Sweden by passenger volume and the largest rolling stock maintenance company by vehicles maintained. The Company operates four rail businesses via wholly owned subsidiaries: Stockholm Metro (Stockholms tunnelbana); MTRX, an intercity service between Stockholm and Gothenburg; the Stockholm commuter rail service (Stockholms pendeltåg), which serves the greater Stockholm area; and the newly takeover Mälartåg regional traffic service, which connects Stockholm with all major towns in the Mälardalen region.

#### Stockholm Metro (Stockholms tunnelbana) and Stockholm Commuter Rail Service (Stockholms pendeltåg)

During the year, Stockholm Metro and stockholm commuter train maintained full service despite the pandemic.

#### MTRX

MTRX experienced significant drops in patronage and revenue due to COVID-19 and related restrictions on carry capacity as well as travel advisories issued by the local authority. Options to manage the situation going forward are under review.

#### Mälardalen Regional Traffic (Mälartåg)

In December 2020, our wholly owned subsidiary was awarded the operations and maintenance concession for the Mälartåg train service, starting in December 2021 and covering an eight-year period with a one-year option for extension. The award was appealed by two competing bidders. During the legal process, MTR signed an interim agreement with the regional Public Transport Authority stipulating a two-year commitment with a further one-plus-one-year extension to be granted at the discretion of the regional Public Transport Authority. Depending on the outcome of a legal process, the interim agreement may revert back to an eight-year agreement with a one-year extension possibility.

The Mälartåg network usually serves around 11 million passenger journeys a year and connects Stockholm with all major cities in the Mälardalen region, including Linköping in the south, Uppsala in the north and Örebro in the west. A further line extension to the north, the Upptåget service, will be included from mid-2022.

## AUSTRALIA RAILWAY BUSINESSES



### Melbourne's Metropolitan Rail Service

Operated by our subsidiary, the Melbourne metropolitan rail network achieved satisfactory operational performance in 2021, although lockdowns and other anti-pandemic measures continued to affect patronage. During the year, we supported our client on a variety of initiatives to improve passenger service.

### Metro North West Line in Sydney

In Sydney, MTR is a member of the Northwest Rapid Transit ("NRT") Consortium and is responsible for the delivery of the PPP contract including design, financing and construction of the Metro North West Line as well as its on-going operations and maintenance. The Metro North West Line achieved stable service performance during the year. Patronage continued to be impacted by the pandemic, but there is no fare revenue risk according to the terms of this franchise.

### Sydney Metro City & Southwest Project

In 2019, the NRT consortium was awarded the PPP contract for the delivery of new metro trains and core rail systems as well as the operation and maintenance of the combined Metro North West and Sydney Metro City & Southwest lines until 2034. The Company continued to make progress on this project during the year despite the severe impact of the pandemic on all construction and supply chain activities.

## GROWTH OUTSIDE OF HONG KONG

The Company regularly explores opportunities to develop its operations in Mainland China and international markets, which enables it to connect communities around the world with environmentally friendly mass transit services while diversifying its revenue and building the MTR brand on a global scale.

In March 2021, we jointly secured the land use right for a TOD site in the south of Hangzhou West Station together with three joint venture partners. This project is a mixed-use property development comprising serviced apartment, office, retail and hotel components with a total developable GFA of approximately 688,210 square metres. The Company has a 10% interest in the project with an equity investment of RMB350 million.

We continue to explore opportunities for TOD cooperation to build transport infrastructure as well as property and community projects in the Greater Bay Area. The Company is the TOD advisor of the Dongguan Binhaiwan New Area Government for the conceptual planning of the High Speed Rail Binhaiwan Station TOD project. We are also studying rail-related investment opportunities in other Greater Bay Area cities. Moving forward, we will continue leveraging our experience and expertise as we strive to be an active participant in the integrated development and TOD of the Greater Bay Area.

We are also studying station commercial and related business in Chengdu under our joint venture with the subsidiaries of Chengdu Rail Transit Group.

## Mainland China and International Railway Businesses at a Glance

	MTR Corporation Shareholding	Business Model	Commencement of Franchise/Expected Date of Commencement of Operation	Franchise/Concession Period	Total Number of Stations	Route Length (km)
<b>Mainland China</b>						
Beijing Metro Line 4 ("BJL4")	49%	Public-Private-Partnership ("PPP")	September 2009	30 years	24	28.2
Daxing Line of BJL4	49%	Operations and Maintenance ("O&M") Concession	December 2010	10 years till 2020 and 2 years extension till 2022	11	21.8
Beijing Metro Line 14 ("BJL14")	49%	PPP	Full Line: by phases from May 2013 to December 2021	30 years from December 2015	Full Line: 35 <sup>(1)</sup>	Full Line: 50.8
Beijing Metro Line 16 ("BJL16")	49%	Phase 1: O&M Concession Full Line: PPP	Phase 1: December 2016 Phase 2: December 2020 and December 2021 Full Line: Targeted after 2022	Phase 1: till full line opens Full Line: 30 years	Phase 1 and 2: 18 <sup>(1)</sup> Full Line: 29	Phase 1 and 2: 31.9 Full Line: 49.8
Beijing Metro Line 17	49%	O&M Concession	Phase 1: December 2021 Full Line: Subject to local government arrangement	20 years from December 2021	Phase 1: 7 Full Line: 21	Phase 1: 15.8 Full Line: 49.7
Shenzhen Metro Line 4 ("SZL4")	100%	Build-Operate-Transfer <sup>(2)</sup>	Phase 1 and 2: by phases from July 2010 to June 2011	30 years	Full Line: 15	Full Line: 20.5
SZL4 North Extension	100%	O&M Concession	October 2020	End together with SZL4 concession	8	10.8
Shenzhen Metro Line 13	83%	PPP	2023	30 years	16	22.4
Hangzhou Metro Line 1 ("HZL1")	49%	PPP	November 2012	25 years	25 <sup>(3)</sup>	35.6 <sup>(3)</sup>
HZL1 Xiasha Extension	49%	O&M Concession	November 2015	End together with HZL1 concession	3	5.6
HZL1 Phase 3 (Airport Extension)	49%	O&M Concession	December 2020	End together with HZL1 concession	5	11.2
Hangzhou Metro Line 5 ("HZL5")	60%	PPP <sup>(4)</sup>	Initial Section: June 2019 Latter Section (Included West Extension): April 2020	25 years	39	56.2
<b>Macao</b>						
Macao Light Rapid Transit Taipa Line	100%	O&M Service Contract	December 2019	80 months	11	9.3
<b>Europe</b>						
TfL Rail/Elizabeth Line, United Kingdom	100%	O&M Concession	May 2015	8 years	Until End 2021: 31 Full line: 41	Until End 2021: 99 Full line: 128
South Western Railway, United Kingdom	30%	O&M Concession <sup>(5)</sup>	May 2021	2 years	210	998
Stockholm Metro, Sweden	100%	O&M Concession	November 2009	8 years till 2017, 6 years extension till 2023 and 1.5 – 2 years extension till 2025 <sup>(6)</sup>	100	108
MTRX, Sweden	100%	Open Access Operation	Initial service: March 2015 Full schedule: August 2015	Operating license is subject to renewal	7	462
Stockholm commuter rail, Sweden	100%	O&M Concession	December 2016	10 years	54	247
Mälartåg, Sweden	100%	O&M Concession	December 2021	2 years + 1 year + 1 year <sup>(7)</sup>	44	1,060
<b>Australia</b>						
Melbourne's Metropolitan Rail Service	60%	O&M Concession	November 2009	8 years till 2017 and 7 years extension till 2024	222	409
Sydney Metro North West Line	Mixed	PPP (Operations, Trains & Systems)	May 2019	15 years	13	36
Sydney Metro City & Southwest Line	Mixed	PPP (Operations, Trains & Systems)	Target in 2024	10 years after service commencement	18	30

### Notes:

- BJL14 Phase 2 East Section has 12 stations, 11 opened (one is currently bypassed). BJL14 Phase 3 Middle Section has 11 stations, ten opened (one is currently bypassed). BJL16 Phase 2 has seven stations, five opened (two are currently bypassed).
- SZL4 Phase 1 assets are owned by the Shenzhen Municipal Government and MTR Corporation (Shenzhen) Limited took over the operation of Phase 1 in July 2010. SZL4 North Extension assets are owned by the Shenzhen Municipal Government and MTR Corporation (Shenzhen) Limited was granted operations and maintenance.
- HZL1 Linping Section became an independent operation under Hangzhou Metro Line 9 in July 2021.
- HZL5 West Extension is out of PPP scope.
- In May 2021, South Western Railway signed a 2-year term National Rail Contract lasting until May 2023.
- In December 2021, public transport authority decided to extend this contract for a minimum of 18 months and a maximum of 24 months.
- Our subsidiary took over Mälartåg's operation from 12 December 2021 under an interim agreement for a period of 2 years with a one plus one-year extension option at the discretion of the public transport authority.