

624km

total route
length in
overseas
operation

7 lines
in operation
outside of
Hong Kong

Network around
The World



145.7 km total route length in Mainland of China operation



Mainland and International Businesses and Growth

The total number of passengers carried by our railway related subsidiaries and associates outside of Hong Kong was approximately over 1,458 million in 2014, against approximately 1,355 million in 2013.



The Company's Mainland of China and International subsidiaries comprise both railway related subsidiaries and property related subsidiaries. Revenue from these businesses in 2014 was HK\$12,627 million. Revenue from the Company's railway related subsidiaries outside Hong Kong, namely MTR Corporation (Shenzhen) Limited, Metro Trains Melbourne Pty. Ltd. ("MTM"), MTR Stockholm AB ("MTRS"), MTR Express (Sweden) AB and the companies under Northwest Rapid Transit Consortium, was HK\$12,472 million. This represented a decrease of 4.8% over 2013, mainly due to exchange rate movements. Operating costs decreased to HK\$11,638 million in 2014, resulting in an 8.6% increase in operating profit to HK\$834 million and an operating profit margin of 6.7%.

Our associates outside of Hong Kong, namely Beijing MTR Corporation Limited ("BJMTR"), London Overground Rail Operations Limited ("LOROL"), Tunnelbanan Teknik Stockholm AB and Hangzhou MTR Corporation Limited ("HZMTR"), continued to provide high quality rail and railway related services to their respective communities. The start-up losses at HZMTR stabilised and our overall share of losses from these four associates was HK\$101 million in 2014.

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Railway Businesses in the Mainland of China

Beijing Metro Line 4 and the Daxing Line both exceeded their service targets in 2014. The combined ridership on these two lines in 2014 reached 461 million passenger trips, with an average weekday patronage of more than 1.3 million. The two lines have 35 stations and a combined length of 50 km.

The last station of Phase 1 of BJL14, Qilizhang Station, an interchange with Beijing Metro Line 9, opened for service on 15 February 2014. BJL14 service performance has been satisfactory, recording 18 million passenger trips and average weekday patronage of over 52,000 in 2014. In total, Phase 1 has seven stations and runs for 12.4 km. BJL14 Phase 2 East Section opened on 28 December 2014, covering 12 stations (two of which are currently bypassed) and running for 14.8 km. The Public-Private-Partnership ("PPP") model for BJL14 will begin when the line fully opens on a date currently expected to be after 2017. In December 2014, BJMTR received a nation-wide achievement of "First Grand Award" for the "Realisation of Sustainable Development through Life Cycle Management of Operational Asset" from the China Association of Communication Enterprise Management. This was in recognition of its innovative management model and technique. On 28 December 2014, a fare increase was applied across the entire Beijing metro system, the first such increase in seven years.

The operational performance of the Shenzhen Metro Longhua Line also exceeded targets during the year. Ridership for the year reached 168.7 million, with average weekday patronage reaching 460,000. The line runs 20.5 km and has 15 stations. As part of a plan to increase capacity by 50% through converting the existing 4-car fleet, the first 6-car trains entered service in January 2014 and as at 31 December 2014, a total of 23 6-car trains had been put into service. By February 2015, all the trains in service have been converted to 6-car trains.

Executive Management's Report

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Hangzhou Metro Line 1 ("HZL1") achieved a good operational performance and saw a strong increase in passenger numbers in 2014. Patronage was up by 56% to 144.4 million when compared with 2013 and average weekday patronage reached 380,000. Although HZMTR still incurred an operating loss for the year 2014, different initiatives such as bus route rationalisation and park-and-ride schemes were implemented to encourage a change of travelling patterns among commuters, so as to increase patronage. The expansion of the metro network in Hangzhou is expected to benefit HZL1 patronage growth.

International Railway Businesses

In the UK, LOROL continued its award-winning service in London with good operational performance. LOROL has been assisting Transport for London ("TfL") to implement the GBP320 million capacity improvement project for the London Overground with the first 4-car to 5-car train conversion put into service in November 2014. LOROL's successful performance has enabled it to secure the appointment to run additional London Overground services. These will extend the network by 28 stations and 43 km of route length starting in May 2015. In 2014, ridership on LOROL grew by 14% during the year to reach 114.8 million. LOROL has won many awards during the year, including the prestigious "Safety Award" in the UK National Rail Awards in recognition of the large reduction in passenger accidents since the start of the concession. The London Overground concession is due to expire in November 2016, and it will be re-let by TfL in an open tender process during 2015. We are considering our approach to this tender.

In Stockholm, MTRS' services achieved very good operational performance in 2014. MTRS was awarded the prestigious "2014 Swedish Quality Award" by the independent Swedish Institute for Quality. Punctuality performance has continued to improve. Ridership for the year was similar to 2013 at 329.4 million. The franchise comprises 100 stations and runs for 110 km.

In Melbourne, patronage on MTM was 222.2 million. The lines have 218 stations and run 390 km. Operational performance and customer satisfaction continued to improve. MTM received the "Operator & Service Provider Excellence Award" at the National Infrastructure Awards in March 2014.

Property Development in the Mainland of China

MTR Property Development (Shenzhen) Company Limited has made good progress on the Shenzhen Metro Longhua Line Depot Site Lot 1 property project, named Tiara. Preparations are underway for Phase 1 pre-sales to be launched in first half

of 2015, subject to market conditions. The sales office for Tiara officially opened in November 2014, and show flats will be opened for public viewing in March 2015. The project offers a total developable gross floor area of approximately 206,167 square metres of which approximately 10,000 square metres will be a small shopping centre.

Tianjin TJ-Metro MTR Construction Company Limited is a joint-venture company in which we have a 49% interest. It continues to make progress on the property project located at Beiyunhe Station on Tianjin Metro Line 6. The total developable gross floor area of the site is approximately 278,650 square metres. The site is being developed for mixed residential and commercial use.

Property Rental and Management Businesses in the Mainland of China

Revenue from our property rental and property management businesses in the Mainland of China increased by 6.2% to HK\$155 million in 2014. Our shopping mall in Beijing, Ginza Mall, had an occupancy rate of 97.3% at the end of 2014.

The Company's managed gross floor area in the Mainland of China at the end of 2014 was 230,000 square metres. This comprised AO City Fortune Centre in Beijing, with 24,000 square metres of commercial and 58,000 square metres of residential space, and the North Star Paseo Mall and office towers in Beijing with 148,000 square metres of commercial space. The Company is currently providing pre-operation consultancy to Shenzhen East Pacific International Mall with a gross floor area of 48,000 square metres.

Mainland of China and International Growth

On 26 November 2014, BJMTR officially signed the Concession Agreement for the BJL14 PPP project with the Beijing Municipal Government. The entire line will run for 47.3 km and has 37 stations, including ten interchange stations. Under the RMB50 billion PPP project, BJMTR will invest RMB15 billion and will be responsible for the provision of Electrical and Mechanical ("E&M") systems and rolling stock, as well as the operation and maintenance of the line over a term of 30 years. As noted earlier, the Phase 2 East Section of BJL14 opened on 28 December 2014 and full line operation is expected some time after 2017. To support BJMTR's investment in BJL14, the Company will invest about RMB2.45 billion as additional equity in BJMTR.



Operational performance and customer satisfaction of MTM continued to improve

After signing a Letter of Intent for the Beijing Metro Line 16 ("BJL16") PPP project on 26 November 2014, the Concession Agreement was initialled on 8 February 2015. The line will run 50 km from Beianhe to Wanping, encompassing 29 stations. Under the RMB49.5 billion PPP project arrangement, BJMTR would be responsible for the provision of E&M systems as well as rolling stock, which takes up about 30% or approximately RMB15 billion of the project's capital cost. BJMTR would also undertake the operations and maintenance of BJL16 for a term of 30 years. To support BJMTR's investment in BJL16, the Company may need to further invest up to RMB2.45 billion as additional equity in BJMTR.

In January 2014, the Company signed a Strategic Cooperation Framework Agreement with the Longhua New District Administration Commission in Shenzhen for the North Extension of Shenzhen Metro Longhua Line. Under the framework agreement, MTR will offer advice and technical support for the construction of the North Extension as well as a light rail system. The project feasibility study is underway, with target completion in the first half of 2015. We are also continuing discussion and negotiation on the Principal and Joint Venture Agreements associated with the construction and operation of Shenzhen Metro Line 6.

In July 2014, we signed a Memorandum of Understanding with the Chongqing Municipal Government and have begun preliminary discussions regarding rail and property development in the municipality.

In the United Kingdom, we were awarded the contract to operate the Crossrail services by TfL and the Concession Agreement was signed in July 2014. MTR will operate the service for an eight-year period with an option to extend to ten years. Crossrail is a new rail service currently under construction that will enter service in stages. MTR Corporation (Crossrail) Ltd., a 100% MTR owned subsidiary, will start operating the first stage of the service from May 2015. The service is scheduled to reach its full scope of operation in 2019. Our bids for the Essex Thameside, Thameslink and Scotrail franchises, for which we were shortlisted, were not successful.

In Sweden, preparations have progressed well for the Company's new rail service, MTR Express ("MTRX"), which will operate between the country's two largest cities of Stockholm and Gothenburg. The service uses existing rail tracks and infrastructure. It will be operated by our wholly-owned subsidiary MTR Express (Sweden) AB and will provide approximately 90 weekly train trips. Initial services will

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commence on 21 March 2015, with full schedule planned in August 2015. Sales of tickets started smoothly on 23 January 2015 on the MTRX's website.

In Australia, in September 2014 our consortium was awarded the Operations, Trains and Systems PPP Contract for the Sydney North West Rail Link. This marks our first international PPP project outside of Hong Kong and the Mainland of China. The consortium includes MTR, Leighton Contractors Pty Ltd., John Holland Pty Ltd., UGL Rail Services Pty Ltd., Plenary Group Pty Limited and other financial sponsors. MTR, as a member of the consortium, is responsible for the design and delivery of the rail systems. In addition, Metro Trains Sydney Pty. Ltd, a 60% subsidiary of MTR, will operate and maintain the system for 15 years after commencement of operations. Start-up

work is making good progress. MTR's equity contribution to the PPP company is estimated to be AUD 62.6 million. For the Dandenong Transformation Project (also known as Cranbourne-Pakenham Rail Corridor Project) in Melbourne, an interim offer was submitted in January 2015 and negotiation continues with the Government of the State of Victoria to finalise the project details. This is a project to upgrade the 57-km Pakenham line and the 18-km Cranbourne line within the Melbourne metro network. These lines provide a crucial rail-corridor supporting the fast growing south-eastern population centres in the city. The project aims to boost the rail capacity of the two lines by 30% through the delivery of new trains, systems and infrastructure, which will enable it to cater for an additional 2 million passengers a year.



In Stockholm, we achieved very good operational performance and were given the prestigious "2014 Swedish Quality Award"

Mainland of 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 (years)	Number of Stations	Route Length (km)
Projects In Operation						
Mainland of China						
Beijing Metro Line 4 ("BJL4")	49%	Public-Private-Partnership ("PPP")	Sep 2009	30	24	28
Daxing Line of BJL4	49%	Operations and Maintenance ("O&M") Concession	Dec 2010	10	11	22
Shenzhen Metro Longhua Line	100%	Build-Operate-Transfer ("BOT") ^{Note 1}	Phase 1 : Jul 2010 Phase 2 : Jun 2011	30	Phase 1: 5 Phase 2: 10	Phase 1: 4.5 Phase 2: 16
Hangzhou Metro Line 1	49%	PPP	Nov 2012	25	31	48
Beijing Metro Line 14 ("BJL14")	49%	O&M Concession	Phase 1 : May 2013 Phase 2 : Dec 2014	Until Full Line Opens	Phase 1: 7 Phase 2: 12 ^{Note 2}	Phase 1: 12.4 Phase 2: 14.8
Overseas						
London Overground, United Kingdom	50%	O&M Concession	Nov 2007	9	57 ^{Note 3}	124
Stockholm Metro, Sweden	100%	O&M ^{Note 4} Concession	Nov 2009	8	100	110
Metro Trains Melbourne, Australia	60%	O&M Concession	Nov 2009	8	218	390
Projects In Progress						
BJL14, Mainland of China	49%	PPP	Full Line: After 2017	30	Full Line: 37	Full Line: 47.3
Crossrail, United Kingdom	100%	O&M Concession	May 2015	8	40 (28) ^{Note 5}	118
MTR Express, Sweden	100%	Open Access Operation	Mar 2015 ^{Note 6}	N/A ^{Note 7}	5 ^{Note 8}	455
Sydney North West Rail Link, Australia	Mixed	PPP (Operations, Trains & System)	2019	15	13 ^{Note 9}	36 ^{Note 9}
Pending Finalisation of Agreement						
Beijing Metro Line 16, Mainland of China	49%	PPP	Phase 1: 2016 Phase 2: After 2017	30	Full Line: 29	Full Line: 50

Notes:

- Shenzhen Metro Longhua Line Phase 1 assets are owned by the Shenzhen Municipal Government and MTR Corporation (Shenzhen) Ltd took over the operation of Phase 1 in July 2010.
- BJL14 Phase 2 East Section has 12 stations, 10 opened (two are currently bypassed).
- This represented the number of stations managed by LOROL. The total number of stations served for London Overground is 83. Starting from May 2015, the West Anglia services will become part of the London Overground system, adding 28 stations (24 managed by LOROL) and about 43km of route length.
- Rolling stock maintenance under a 50:50 joint venture between MTR Stockholm and Mantena AS.
- MTR Crossrail will manage 28 out of the total 40 stations in the Crossrail network.
- MTR Express initial service will commence on 21 March 2015, with full schedule planned in August 2015.
- The license to operate this service is subject to renewal.
- MTR Express is not responsible for the management of these stations.
- North West Rail Link has 8 existing stations and 5 retrofitted stations, and a 13-km existing line extended with a 23-km new construction.