

# 2016 Operational Highlights

With the first railway line opened in 1979, MTR is one of the world's leading railway operators, bringing an integrated approach to rail transport and property development. With a reputation for safety, reliability, customer service and cost efficiency, we are growing significantly in Hong Kong, the Mainland of China and overseas.

## Hong Kong Transport Operations

### Business Description

We operate a predominantly rail-based transportation system in Hong Kong that stretches 230.9 km, with 93 stations and 68 Light Rail stops. We also provide intercity services to and from the Mainland of China as well as a small bus operation offering convenient feeder service in Hong Kong.

### 2016 Highlights

- Kwun Tong Line Extension and South Island Line commenced passenger services in October and December 2016 respectively, bringing our service to all 18 districts in Hong Kong
- Train service delivery and passenger journeys on-time in our heavy rail network maintained at 99.9%
- Achieved our best performance in terms of train service reliability since the merger with Kowloon-Canton Railway Corporation in 2007
- Discussions are on-going with Government relating to the early review of the Fare Adjustment Mechanism
- Major asset replacement and upgrade programmes well underway including new trains and replacement of signalling systems and chiller systems



## Hong Kong Station Commercial Businesses

### Business Description

We leverage on our Hong Kong railway assets and expertise into other businesses, including rental of station retail space, advertising in trains and stations and telecommunications.

### 2016 Highlights

- Station retail business remained resilient with positive rental reversion recorded. Trade mix refinements continued
- Tender of duty free rental contracts at Lo Wu, Hung Hom and Lok Ma Chau stations attracted international and local duty free shop operators. The contracts were awarded to the incumbent operator
- New shops opened at the new stations on the Kwun Tong Line Extension and South Island Line providing convenience for passengers. Various leading lifestyle brands such as Pandora, MUJI to GO landed at MTR Shops offering new shopping experience
- Capturing the online-to-offline trend, the "e-shop network", which enables our customers to experience online ticketing and shopping, was expanded to 20 stations
- Wi-Fi equipment at 84 stations was upgraded to improve Wi-Fi data capacity and connection speed for our customers



## Hong Kong Property and Other Businesses

### Business Description

In Hong Kong, we develop for sale mainly residential properties in conjunction with property developers and hold for investment shopping malls and offices, managing these and other properties. We also run businesses including cable car operations, Octopus card payments, consultancy and project management.

### 2016 Highlights

- LOHAS Park Package 10 and Ho Man Tin Station Package 1 property developments successfully awarded
- Programme to add 120,620 square metres gross floor area to the investment property portfolio made good progress
- The extension of Maritime Square and the conversion of two floors at Telford Plaza for retail use are targeted to open in the second half of 2017



## Hong Kong Network Expansion

### Business Description

MTR is expanding its railway network in Hong Kong to meet future transport demand. This forms part of Rail Gen 2.0, a next generation rail which will support Hong Kong's development as an economy and as a society.

### 2016 Highlights

- MTR overcame a number of challenges to open two new rail lines, the Kwun Tong Line Extension and South Island Line, in the same year
- The Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link project was 87.4% complete and the Shatin to Central Link was 68.1% complete
- Our first proposal under the Railway Development Strategy 2014, the extension of the West Rail Line to Tuen Mun South, was submitted to Government in December 2016



## Mainland of China and International Businesses

### Business Description

We invest in and operate rail networks and related property developments in the Mainland of China, and operate concessions in the UK, Sweden and Australia. We will continue to pursue opportunities that will benefit our shareholders.

### 2016 Highlights

In our Mainland of China railway and property businesses:

- First batch of units at Tiara in Shenzhen were handed over to buyers in December 2016
- First phase of Beijing Metro Line 16 started operation in December 2016
- Tender submitted for Hangzhou Metro Line 5 in May 2016. Discussions with Hangzhou Metro Group Company Limited on the way forward are currently ongoing

In our International railway businesses:

- Took over the concession of Stockholm commuter rail ("Stockholms pendeltåg") in Sweden in December 2016
- Bid submitted for South Western Rail franchise in the UK and Skåne county commuter rail ("Pågatåg") in Sweden
- Franchise extension proposal submitted by Metro Trains Melbourne Pty. Ltd.