



MTR Corporation

2017 Interim Results

10 August 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

Building on Success

Steady Financial Results

- Recurrent profits impacted by the opening of the new rail lines in Hong Kong
- Underlying profits up 15.3% with Tiara property development profits

Business Progress

- Hong Kong
 - World-class safety and service performance
 - Early review of Fare Adjustment mechanism (FAM) concluded
 - Station Commercial and Property Rental – modest growth
 - New retail space at Telford Plaza II opened in July
 - Property tendering – first packages at Wong Chuk Hang and Kam Sheung Road stations awarded
- Outside Hong Kong
 - Good operational performance and reasonable financial results

Expansion gaining momentum

- Hong Kong
 - Rail Gen 2.0 – Good progress with Express Rail Link and Shatin to Central Link
 - Railway Development Strategy 2014 (RDS 2014)
 - Shopping centre expansion and property development projects on track
- Outside Hong Kong
 - Concession Agreement signed for Hangzhou Metro Line 5
 - South Western rail franchise in the United Kingdom
 - New rail contracts and integrated transit-oriented development opportunities

Financial Highlights

(HK\$m)	1H2017	1H2016	Change
Revenue (excluding Mainland of China & int'l subsidiaries ⁽¹⁾)	15,236	14,781	3.1%
Revenue (from Mainland of China & int'l railway, property rental & mgt subsidiaries)	7,924	6,526	21.4%
Revenue (excluding Mainland of China property development)	23,160	21,307	8.7%
EBITDA (excluding Mainland of China & int'l subsidiaries ⁽¹⁾)	8,620	8,458	1.9%
EBITDA (from Mainland of China & int'l railway, property rental & mgt subsidiaries)	426	379	12.4%
EBITDA (excluding Mainland of China property development)	9,046	8,837	2.4%
EBITDA margin (excluding Mainland of China property development)	39.1%	41.5%	(2.4)%pts
EBITDA margin (excluding Mainland of China & int'l subsidiaries⁽¹⁾)	56.6%	57.2%	(0.6)%pt
Depreciation & amortisation	(2,390)	(2,008)	(19.0)%
Variable annual payment	(915)	(867)	(5.5)%
EBIT (excluding HK property development and Mainland of China & int'l subsidiaries ⁽¹⁾)	5,381	5,642	(4.6)%
EBIT (from Mainland of China & int'l railway, property rental & mgt subsidiaries)	360	320	12.5%
EBIT (excluding HK and Mainland of China property development)	5,741	5,962	(3.7)%
EBIT margin (excluding HK and Mainland of China property development)	24.8%	28.0%	(3.2)%pts
EBIT margin (excluding HK property development and Mainland of China & int'l subsidiaries⁽¹⁾)	35.3%	38.2%	(2.9)%pts
Share of profit or loss of associates ⁽²⁾	181	297	(39.1)%
Interest, tax & non-controlling interest ⁽³⁾	(1,444)	(1,393)	(3.7)%
Profit from recurrent businesses⁽⁴⁾	4,478	4,866	(8.0)%
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Post-tax profit from property development in Hong Kong and Mainland of China	1,370	207	n/a
Profit from underlying businesses⁽⁴⁾	5,848	5,073	15.3%
Investment property revaluation	1,632	48	n/a
Reported net profit attributable to shareholders of the Company ⁽⁴⁾	7,480	5,121	46.1%
Reported EPS (HK\$) ⁽⁴⁾	1.27	0.87	46.0%
Underlying businesses EPS (HK\$)⁽⁴⁾	0.99	0.86	15.1%
Interim ordinary dividend per share (HK\$)	0.25	0.25	-

1. Mainland of China & int'l subsidiaries include Mainland of China & int'l railway, property rental & mgt, and property development subsidiaries

2. Excluding share of loss from Tianjin TJ-Metro MTR (1H2017: HK\$1m; 1H2016: nil)

3. Excluding interest income relating to Mainland of China property development (1H2017: HK\$68m; 1H2016: HK\$40m), tax relating to HK and Mainland of China property development (1H2017: HK\$1,505m; 1H2016: HK\$25m)

4. Net of non-controlling interest (1H2017: HK\$53m; 1H2016: HK\$73m)



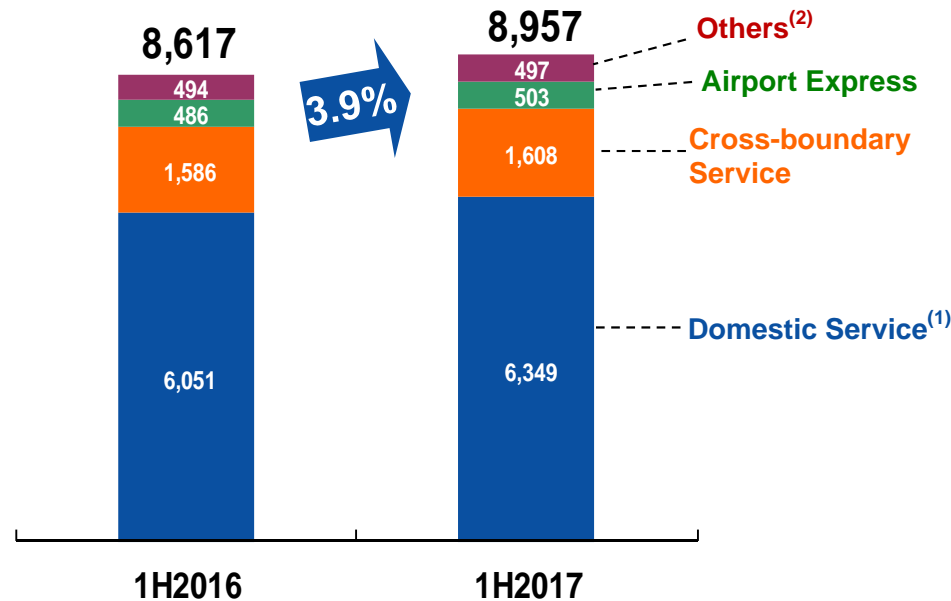
Hong Kong Transport Operations

Hong Kong Transport Operations

Total Patronage: 975.4 million **2.5%**

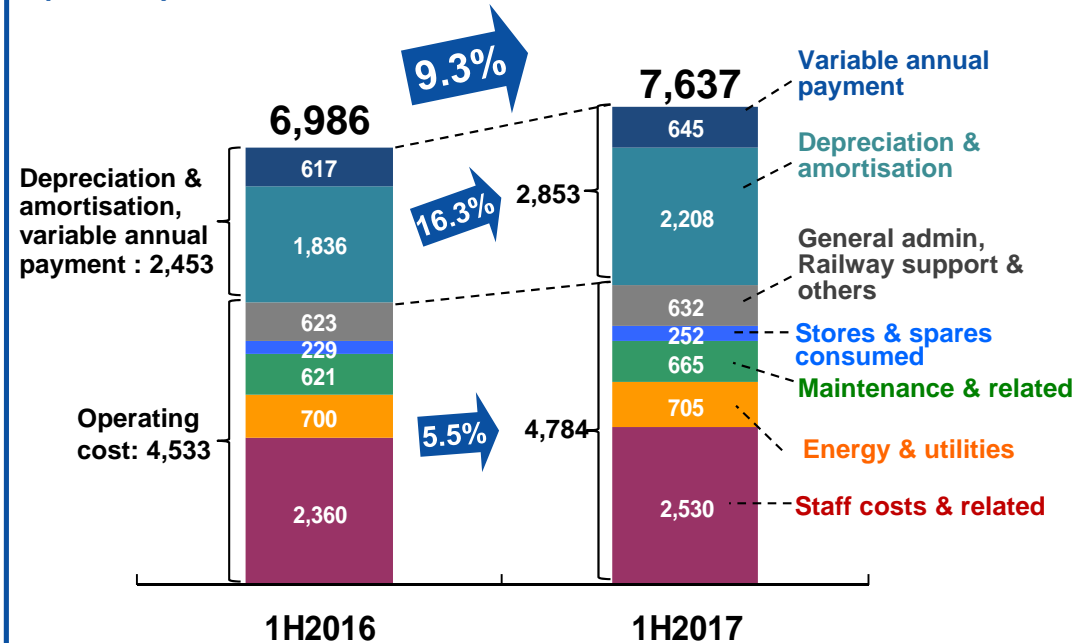
Revenue

(HK\$m)



Cost

(HK\$m)



EBITDA:
HK\$4,173m **2.2%**

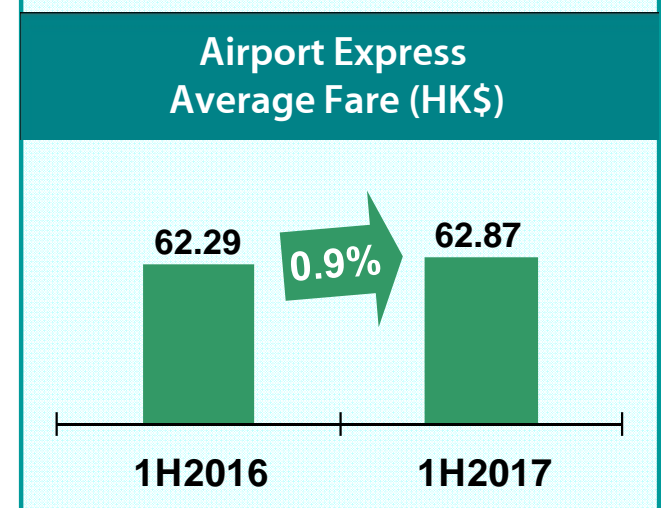
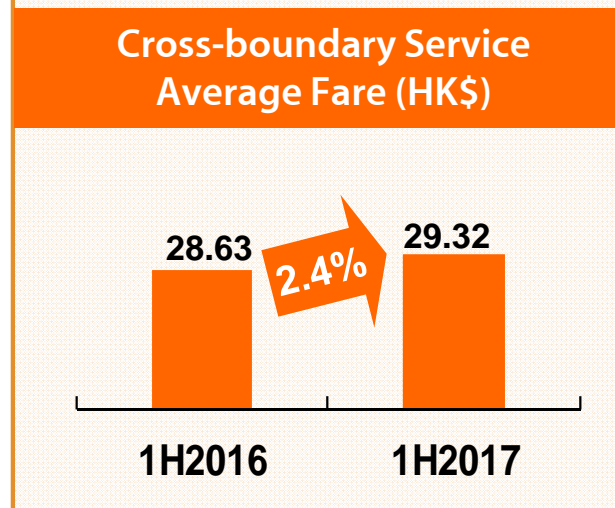
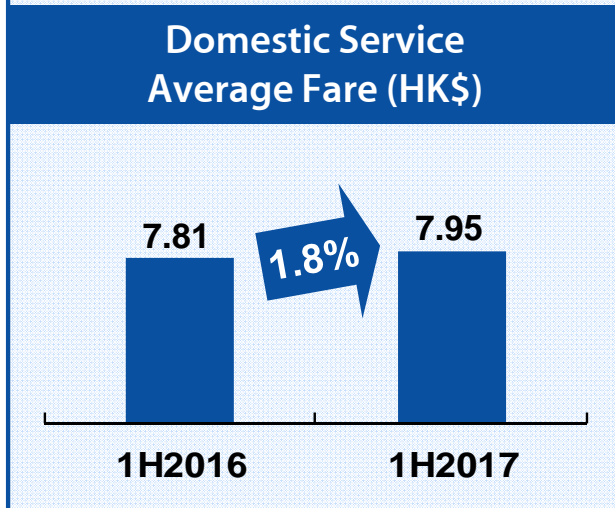
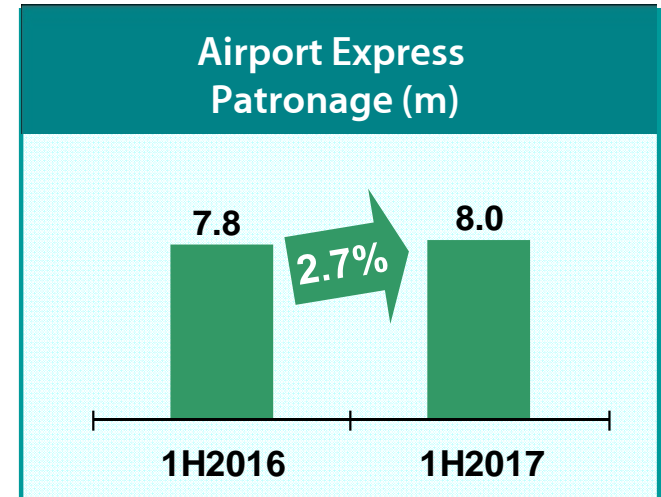
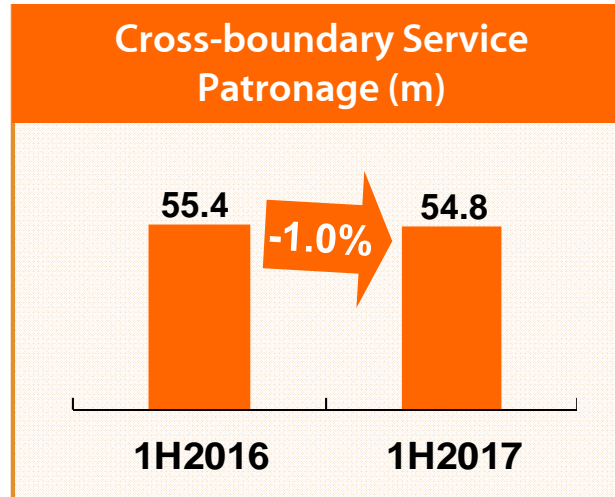
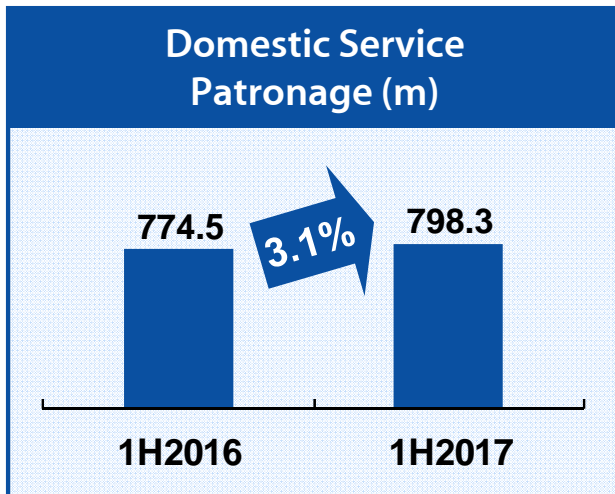
Margin:
46.6% **0.8 %pt**

EBIT⁽³⁾:
HK\$1,320m **19.1%**

Margin:
14.7% **4.2 %pts**

- 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
- Others comprise Light Rail, Bus, Intercity and other rail related income
- After depreciation, amortisation and variable annual payment to KCRC

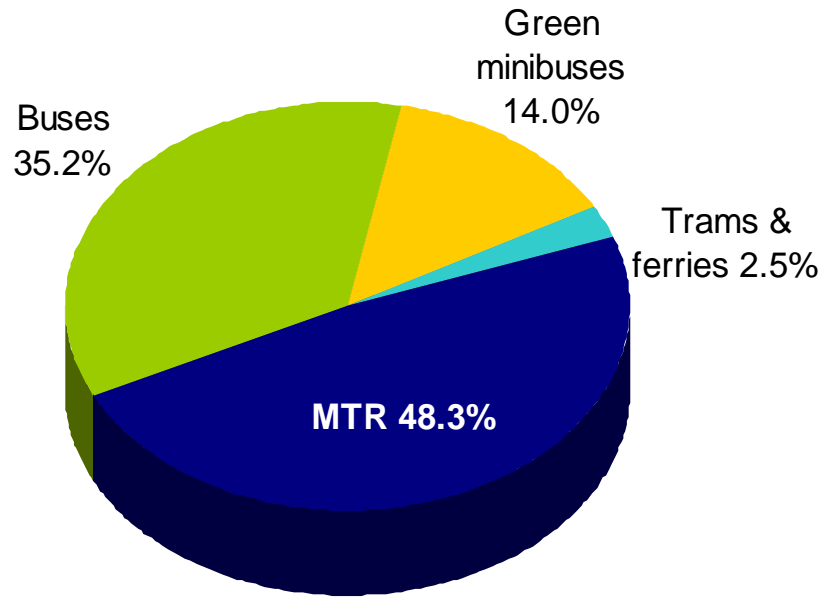
Revenue from Hong Kong Transport Operations



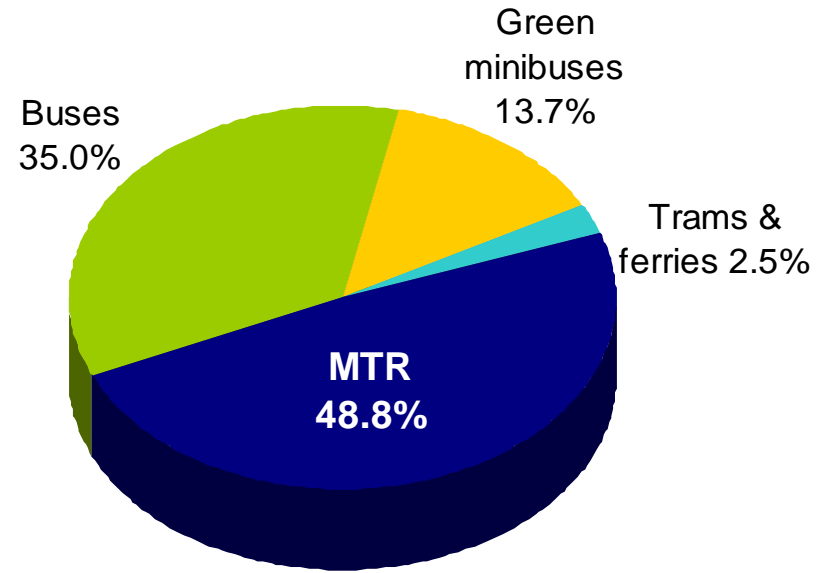
1. Domestic Service comprises the Kwun Tong, Tsuen Wan, Island, South Island, Tung Chung, Tseung Kwan O, Disneyland Resort, East Rail (excluding Cross-boundary Service), West Rail and Ma On Shan lines

Market Share

Hong Kong Franchised Public Transport

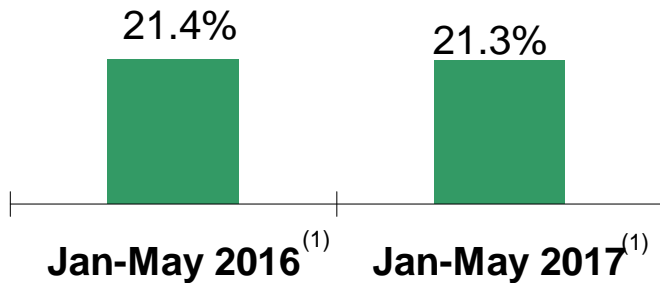


Jan – May 2016

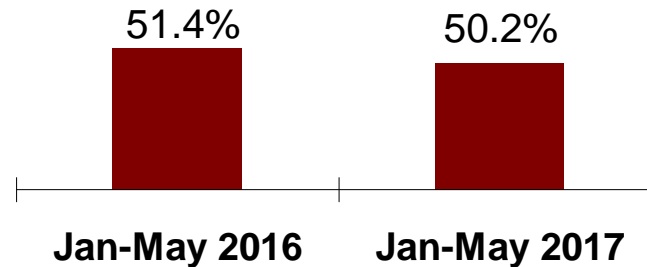


Jan – May 2017

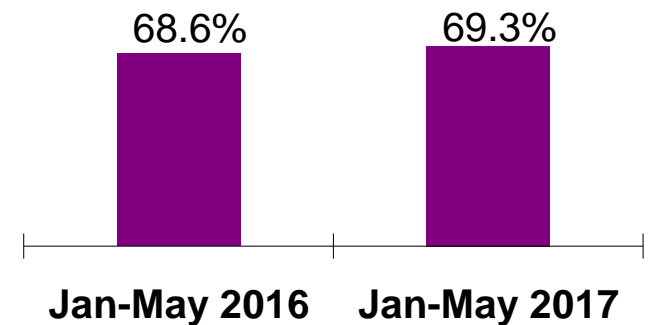
Airport Express



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



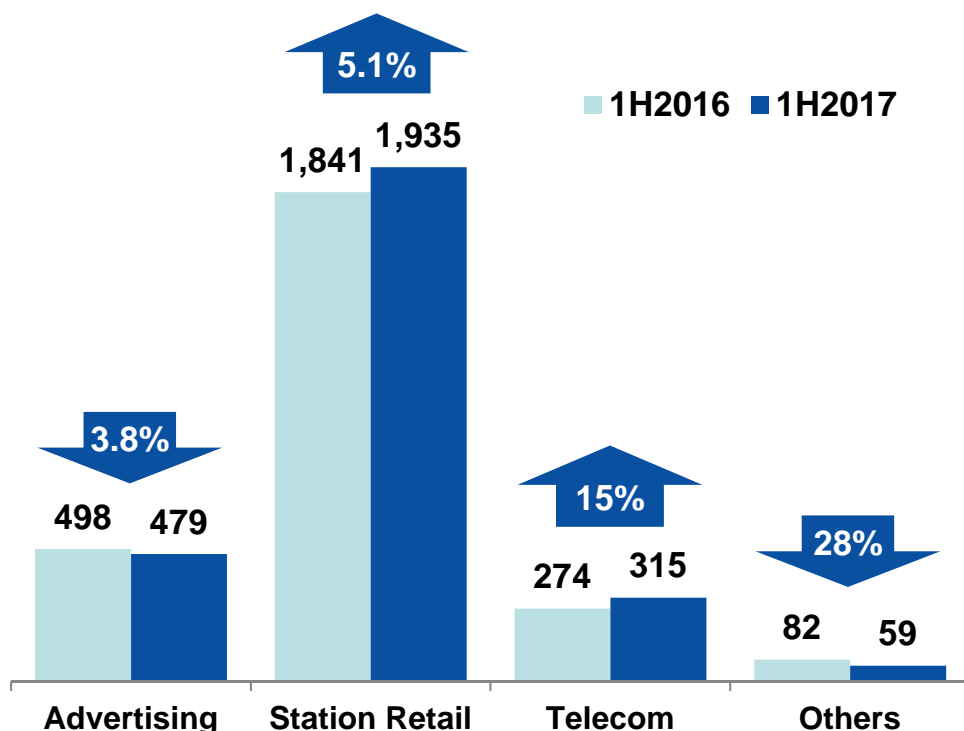
Hong Kong Station Commercial Businesses

Hong Kong Station Commercial Businesses

Revenue: HK\$2,788m ↑ 3.5%	Operating Cost: HK\$239m ↓ 5.5%	EBITDA: HK\$2,549m ↑ 4.4%	Margin: 91.4% ↑ 0.8%pt	Depreciation & Amortisation: HK\$79m ↑ 8.2%	Variable Annual Payment: HK\$268m ↑ 8.1%	EBIT ⁽¹⁾ : HK\$2,202m ↑ 3.8%	Margin: 79.0% ↑ 0.3%pt
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Revenue

(HK\$m)



- **Advertising** business impacted by further contraction of advertising market
- **Station retail**
 - revenue increased attributable to
 - new shops in stations along Kwun Tong Line Extension and South Island Line
 - positive rental reversions
 - increase in rents from Duty Free Shops (DFS)
 - **1,399** shops and **57,300** sqm station retail space as at 30 Jun 2017
- **Telecom** revenue increased mainly due to incremental revenue from new rail lines, as well as contract renewals

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



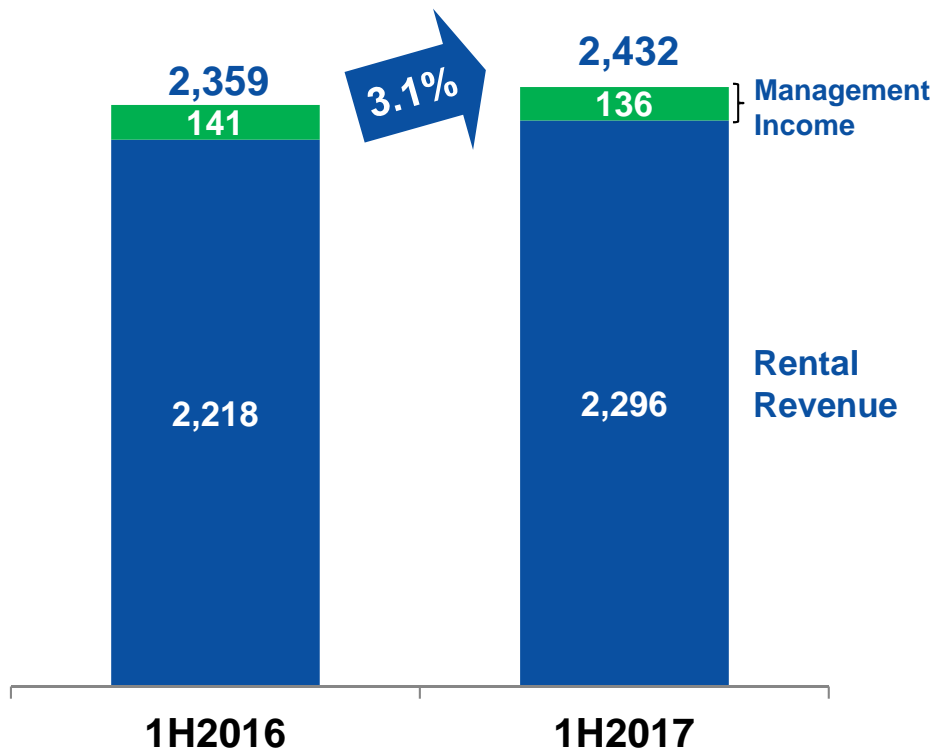
Hong Kong Property Businesses

Hong Kong Property Rental and Management Businesses

Revenue: HK\$2,432m ↑ 3.1%	Operating Cost: HK\$344m ↓ 4.7%	EBITDA: HK\$2,088m ↑ 4.5%	Margin: 85.9% ↑ 1.2%pts	Depreciation & Amortisation: HK\$6m ↓ 14.3%	Variable Annual Payment: HK\$2m --- No Change ---	EBIT ⁽¹⁾ : HK\$2,080m ↑ 4.6%	Margin: 85.5% ↑ 1.2%pts
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Revenue

(HK\$m)



- Rental reversion recorded a 2.2% drop at shopping malls
- 13 MTR shopping malls and 18 floors at Two IFC remained ~100% let
- Investment properties lettable floor area – 30 Jun 2017
 - HK Retail: **212,507** sqm⁽²⁾
 - HK Offices: **39,410** sqm⁽²⁾
- Operating cost reduced mainly due to lower letting agency fees and saving in energy costs

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\$622 million - sundry sources such as agency fee income, sale of inventory units and finalisation of development accounts

Property Tender

- Wong Chuk Hang Station Package 1 awarded in Feb 2017 to Road King Infrastructure and Ping An Real Estate Company Limited
- As agent for KCRC, Kam Sheung Road Station Package 1 awarded in May 2017 to a consortium led by Sino Land, China Overseas Land & Investment and K. Wah International

Presale (as agent for KCRC)

Property Development	Launched	Units sold (as at end-Jul 2017)
Ocean Supreme (Tsuen Wan West Station (TW5) Bayside site)	July 2017	28% of 1,436 units sold
Ocean Pride (Tsuen Wan West Station (TW5) Bayside site)	May 2017	98% of 970 units sold
Cullinan West (Nam Cheong Station)	Mar 2017	92% of 1,050 units sold
THE PAVILIA BAY (Tsuen Wan West Station (TW6) site)	Jan 2017	97% of 983 units
The Spectra (the Long Ping Station (North) site)	Mar 2016	96% of 912 units sold



Ocean Pride (Tsuen Wan West Station (TW5) Bayside site)



Wong Chuk Hang Station Site

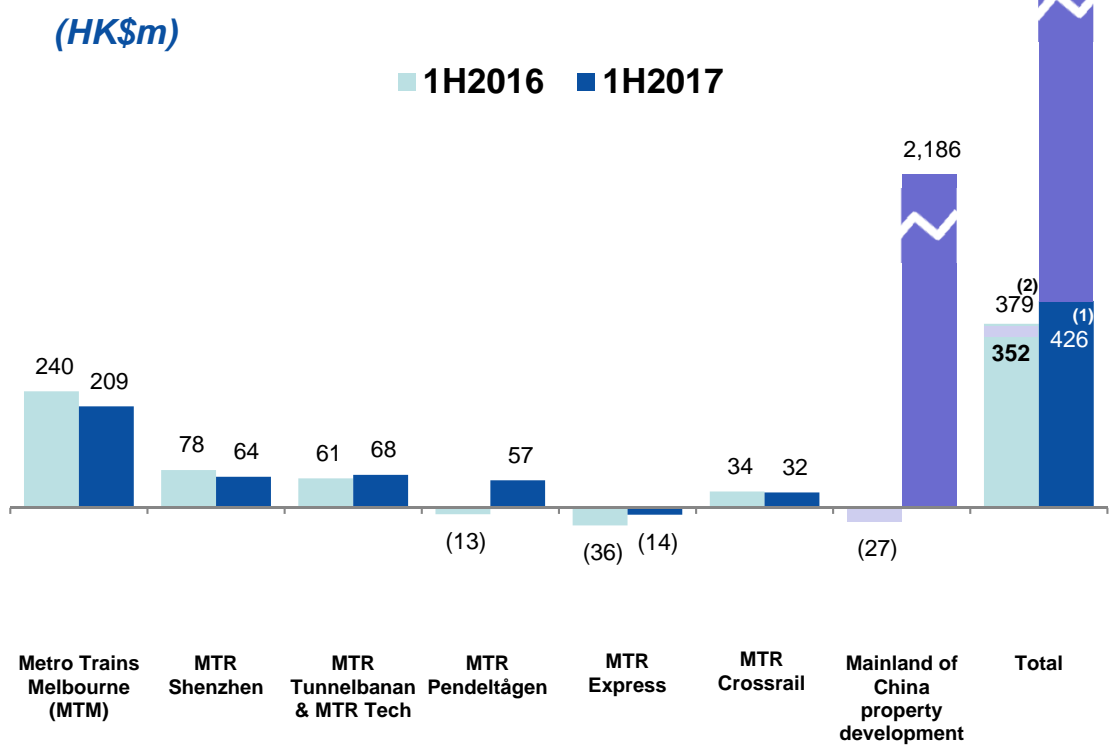


Mainland of China & International Businesses

Mainland of China and International Businesses - Subsidiaries

EBITDA contribution	: HK\$2,612m	↑ 642%
EBITDA contribution (excluding Mainland of China property development)	: HK\$426m	↑ 12%

EBITDA Contributions from Subsidiaries



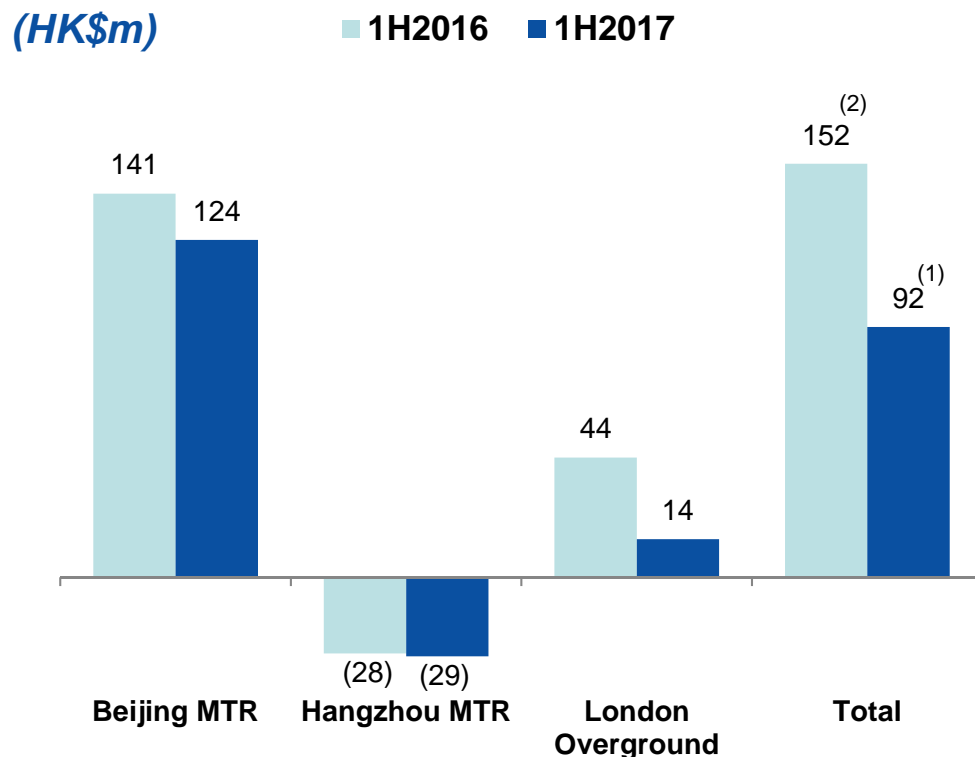
1. Included net operating profit of HK\$10m from the combined results of Mainland of China property rental & management and Sydney Metro Northwest in 1H2017
 2. Included operating profit of HK\$15m from Mainland of China property rental & management in 1H2016

- **Metro Trains Melbourne (MTM)**
 - Decrease in EBITDA due to lower contribution from project activities
 - Existing concession ends in Nov 2017 – submitted a proposal in Dec 2016 to extend the franchise
- **MTR Shenzhen**
 - Decrease in EBITDA due to higher operating expenses
 - 3% increase in patronage to 98.5 million (average weekday patronage of 550,000)
- **MTR Tunnelbanan & MTR Tech**
 - High level of operational performance and customer satisfaction
- **MTR Pendeltågen**
 - Operation began in Dec 2016
 - One-off revenue of \$18 million on reimbursement of pre-operating costs
 - Satisfactory operating performance and improving customer satisfaction
- **MTR Express**
 - High levels of operational performance and customer satisfaction
- **MTR Crossrail**
 - Continued satisfactory operational performance
- **Mainland of China property development**
 - Booking of profit from the units at Tiara in Shenzhen

Mainland of China and International Businesses - Associates

Post-tax profit contribution : HK\$92m

Share of Results of Associates



1. Included losses of HK\$17m from combined results of Tianjin TJ-Metro MTR, First MTR South West Trains, associates related to Sydney Metro Northwest and MTR Pendeltågen in 1H2017

2. Included net loss of HK\$5m from combined results of TBT up to 15 Feb 2016, Tianjin TJ-Metro MTR, and associates related to Sydney Metro Northwest in 1H2016

■ Beijing MTR

- Profit decreased by HK\$17 million mainly due to costs relating to the initial operation of Beijing Metro Line 16
- Patronage: Beijing Metro Line 4 (BJL4) and Daxing Line
 - 218 million up 3% (1.3 million/ weekday)
 - Beijing Metro Line 14
 - 106 million up 22.5% (662,000/ weekday)
 - Beijing Metro Line 16
 - 11 million (67,000/ weekday)

■ Hangzhou MTR

- Financial loss largely unchanged
- Patronage 107.1 million up 11% (591,000/ weekday)

■ London Overground

- Concession ended in Nov 2016
- Profit recorded due to write-back of provisions

■ Tianjin TJ-Metro MTR Construction (Tianjin MTR)

- Signed framework agreement with Beijing Capital Land to dispose all of our 49% interest in Tianjin MTR and conditional future acquisition of shopping centre on Beiyunhe site
- Obtained relevant government approvals for the disposal of our 49% interest in July 2017



Growth Initiatives Outside of Hong Kong

Growth Initiatives - Mainland of China



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

■ Cooperation Framework Agreement and Memorandum of Understanding (MOU) with Beijing Infrastructure Investment Corporation (BIIC)

Hangzhou Metro Line 5

- Signed concession agreement on 26 Jun 2017
- PPP concession for 25 years
- Route length: 51.5km (38 stations)
- Part B (E&M systems) Investment: RMB10.9 billion
- Debt: 60%; equity: 40%
- Finalising the agreement to establish a joint venture with Hangzhou Metro Group
- MTR equity contribution: up to RMB2.62 billion
- To commence operation around end-2019

Note: Project confirmed and awarded

Growth Initiatives – International

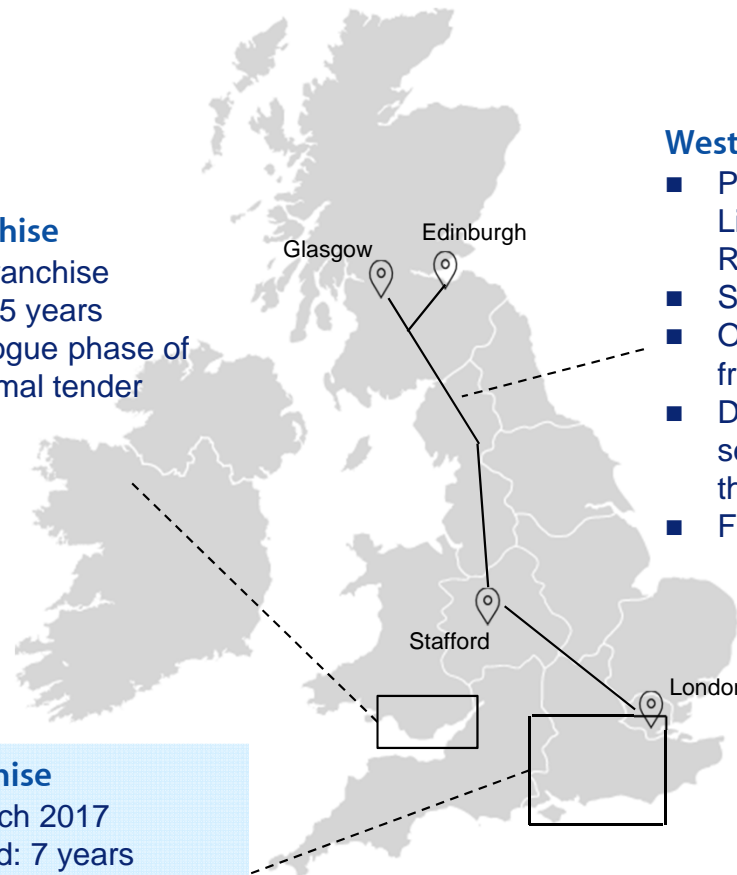
United Kingdom

Wales and Borders Rail Franchise

- Prequalified to bid for the franchise
- O&M Concession period: 15 years
- Invited to Competitive Dialogue phase of the tender process with formal tender expected later this year

South Western Rail Franchise

- Tender awarded in March 2017
- O&M Concession period: 7 years
- MTR (30%) and FirstGroup (70%)
- Preparation in progress for takeover of the franchise later in Aug 2017



West Coast Partnership Franchise

- Partnered with Guangshen Railway Company Limited, an associated company of China Railway Corporation
- Shortlisted to bid for the franchise
- O&M concession for West Coast Main Line from Apr 2019 to 2026
- Design and operate the initial high-speed services between London and Birmingham on the new High Speed Two from 2026
- Formal tender expected in Nov 2017

Note: Project confirmed and awarded

Growth Initiatives – International

Australia



Metro Train Melbourne (MTM)

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

Sydney Metro Northwest (SMNW)

- All design works for the SMNW substantially complete
- Construction works for depot and stations are progressing as planned

Sydney Metro City Southwest (SMCSW)

- 30km extension of SMNW; construction commenced
- Exploring potential participation
- MTR/ Northwest Rapid Transit Consortium/ Plenary Origination (NRT Parties) submitted a non-binding initial proposal in Mar 2017
- Evaluation of NRT Parties is on-going

Note: Project confirmed and awarded



Growth Initiatives in Hong Kong

Rail Projects under Project Management

Express Rail Link



Progress Achieved (as at end-Jun 2017)

- Civil works at West Kowloon Terminus (WKT) 91% complete
- All tracks in tunnels laid and overhead lines substantially energised
- Cross-boundary train testing began in July

XRL Arrangements

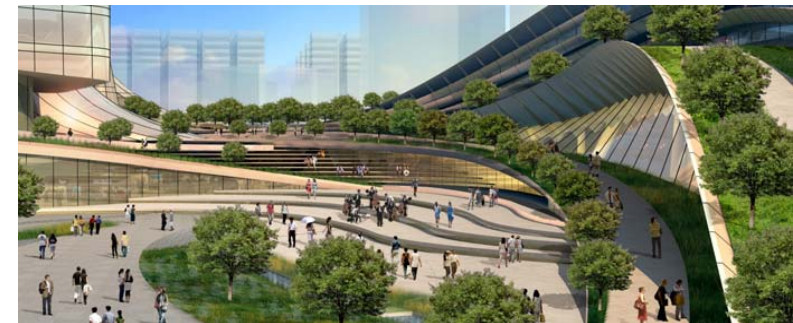
- In accordance with the XRL Agreement, all special dividends (HK\$4.4 per share) have been paid

Target Completion and Project Cost Estimates

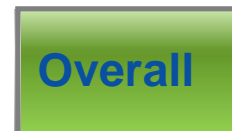
- Completion timetable remains in 3Q 2018, with project cost estimate at HK\$84.42 billion



West Kowloon Terminus



Photomontage of West Kowloon Terminus



94% complete

Rail Projects under Project Management

Shatin to Central Link (SCL)



Overall project 75% complete (as at end-Jun 2017)

East West Corridor (EWL)

Progress Achieved

- Track laying works have been completed and station structure works substantially completed
- Steady progress on electrical & mechanical works at these stations

Target Completion

- An 11-month delay due to the discovery of archaeological relics in the To Kwa Wan area
- With successful recovery measures, target completion now advanced to mid-2019



Kai Tak Station



Hung Hom station



89% complete

Rail Projects under Project Management

Shatin to Central Link



North South Corridor (NSL)

Progress Achieved

- First 2 of 11 immersed tubes of the cross-harbour rail tunnel installed in July 2017
- Good progress with tunnel excavation
- The diaphragm walls for new Exhibition Station progressing

Major Challenges

- Tight timetable for completion of Exhibition Station

Target Completion

- Previously reported a 6-month delay due to late hand-over of construction sites for the new Exhibition Station
- A further 3-month delay resulting from another site handover with incomplete entrusted works by a third party contractor at Wan Chai North
- A total expected delay of 9 months
- Target completion remains in 2021



Causeway Bay Typhoon Shelter



Entrance of SCL in Admiralty



55% complete

Rail Projects under Project Management

Shatin to Central Link



Funding Agreements for SCL Construction

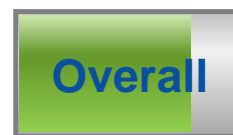
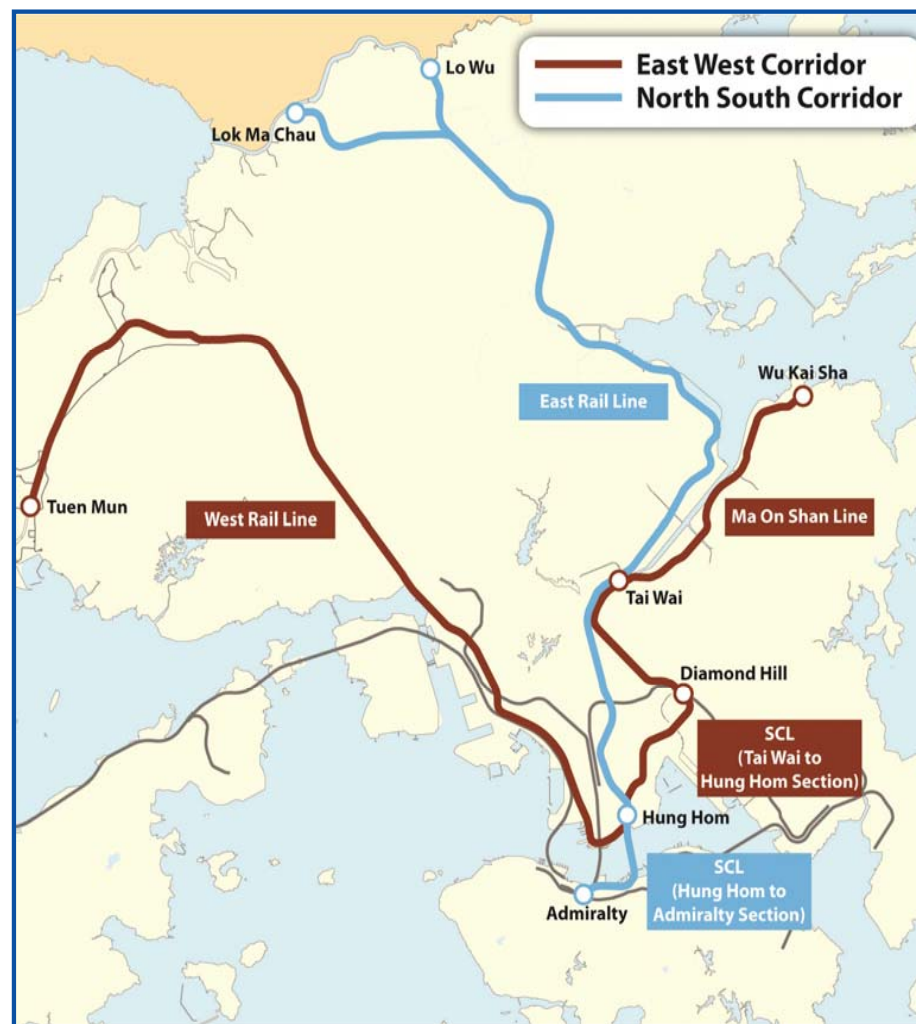
- SCL Advance Works Entrustment Agreement
- SCL Entrustment Agreement

SCL Advance Works Entrustment Agreement

- Additional funding approved by LegCo in Jun 2017

SCL Entrustment Agreement

- Project cost estimate to be revised upwards significantly
- A detailed review of the project cost estimate will be completed later this year

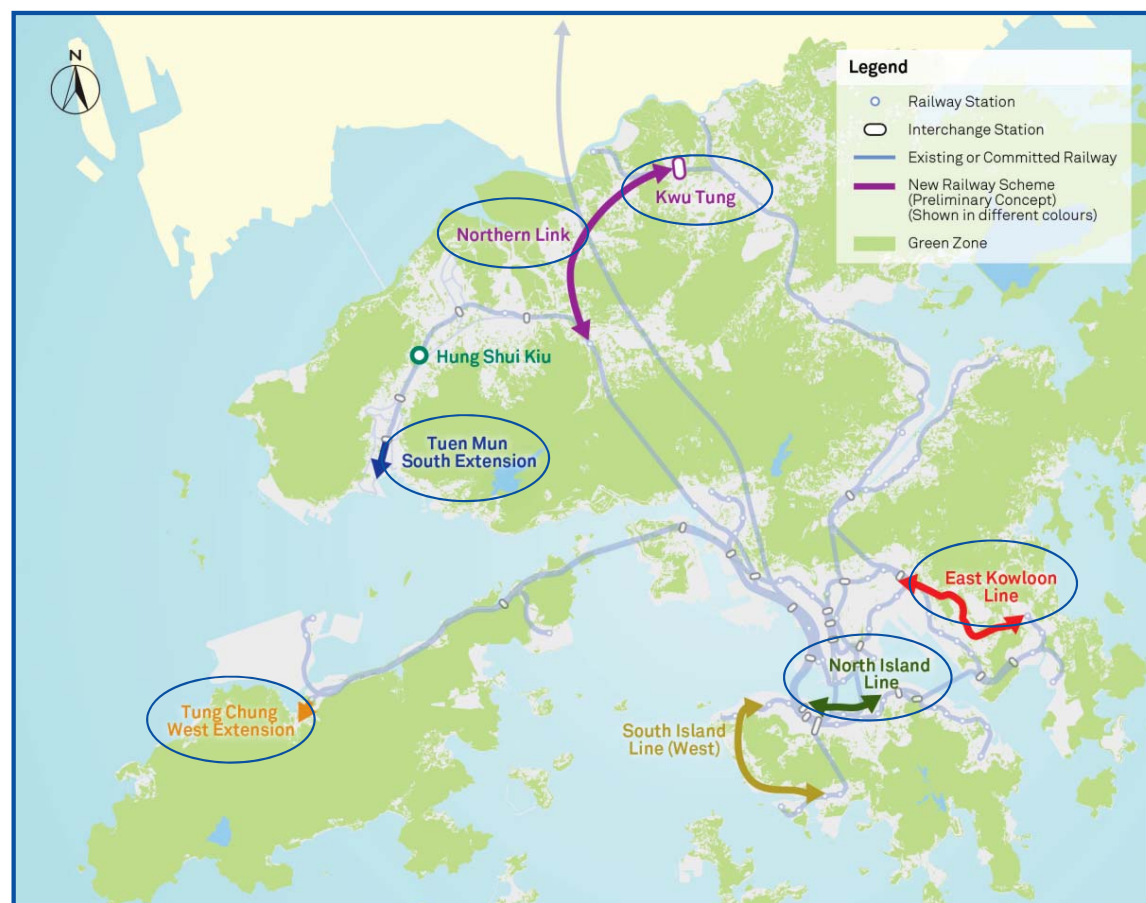


75% complete

Railway Development Strategy 2014

New Railway Projects

- Invited to submit project proposals for 5 of the 7 new rail projects to be implemented under RDS 2014
- **Tuen Mun South Extension:** Proposal submitted at end-2016, discussion with Government on-going
- **Northern Link (and Kwu Tung Station):** Proposal submitted in Mar 2017
- **East Kowloon Line:** Proposal submitted in Jul 2017
- **Tung Chung West Extension (Tung Chung East Station):** Proposal to be submitted in 2018
- **North Island Line:** Proposal to be submitted in 2018



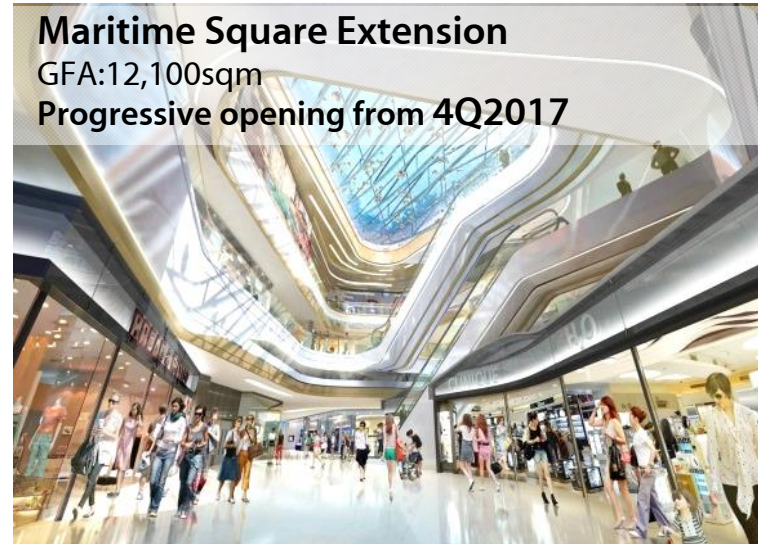
Project	Route Length (km)
Tuen Mun South Extension	2.4
Northern Link (and Kwu Tung Station)	10.7
East Kowloon Line	7.8
Tung Chung West Extension (Tung Chung East Station)	1.5
North Island Line	5.0
Hung Shui Kiu Station	-
South Island Line (West)	7.4
Total	34.8

New Investment Property Initiatives

40% increase in attributable GFA of existing retail portfolio



Telford Plaza II



An artist's impression of Maritime Square Extension

80% complete



An artist's impression of LOHAS Mall

25% complete



An artist's impression of Tai Wai Mall

15% complete



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	In progress
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	In progress
Tin Wing Stop	Feb 2015	Sun Hung Kai	91,051	~1,940	Completed	In progress	
LOHAS Park Package 7	Jun 2015	Wheelock	70,260	~1,120	Completed	In progress	In progress
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	In progress	
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 & Ping An Real Estate	53,600	800	In progress		

Hong Kong Property Development

Siu Ho Wan Depot, Lantau Island

- ~14,000 residential units, subject to necessary zoning and other statutory approvals
- Environmental Impact Assessment completed
- Reports submitted to Environment Protection Department in May 2017 for approval and exhibited for public inspection on 14 Jul 2017
- Statutory planning procedures expected to commence later
- No assurance the project would be commercially viable

Yau Tong Ventilation Building Site, Kowloon

- ~500 residential units
- Rezoning process completed in Apr 2017
- Road gazetting procedure commenced in May 2017 and targeted to complete in Oct 2017
- No assurance the project would be commercially viable



Siu Ho Wan Depot, Lantau Island



Financial Results

Mr. Herbert L.W. Hui, Finance Director

Consolidated Profit and Loss Account

(HK\$m)	1H2017	1H2016	Favourable/ (adverse) change	
			HK\$m	%
HK transport operations	8,957	8,617	340	3.9
HK station commercial and HK property rental & management businesses	5,220	5,054	166	3.3
Mainland of China & international railway, property rental and management subsidiaries	7,924	6,526	1,398	21.4
Other businesses	1,059	1,110	(51)	(4.6)
	<u>23,160</u>	<u>21,307</u>	1,853	8.7
Mainland of China property development subsidiary	6,844	-	6,844	n/a
Total revenue	30,004	21,307	8,697	40.8
Operating expenses excluding Mainland of China & international subsidiaries	(6,616)	(6,323)	(293)	(4.6)
Expenses relating to Mainland of China & international railway, property rental and management subsidiaries	(7,498)	(6,147)	(1,351)	(22.0)
Expenses relating to Mainland of China property development subsidiary	(4,658)	(27)	(4,631)	n/a
Total operating expenses	(18,772)	(12,497)	(6,275)	(50.2)
EBITDA excluding Mainland of China & international subsidiaries	8,620	8,458	162	1.9
EBITDA relating to Mainland of China & international railway, property rental and management subsidiaries	426	379	47	12.4
EBITDA relating to Mainland of China property development subsidiary	2,186	(27)	2,213	n/a
Total EBITDA	11,232	8,810	2,422	27.5
HK property development profit	622	219	403	184.0
Total operating profit	11,854	9,029	2,825	31.3
Depreciation & amortisation	(2,390)	(2,008)	(382)	(19.0)
Variable annual payment	(915)	(867)	(48)	(5.5)
Interest and finance charges	(403)	(268)	(135)	(50.4)
Investment property revaluation	1,632	48	1,584	n/a
Share of profit of associates	180	297	(117)	(39.4)
Profit before taxation	9,958	6,231	3,727	59.8
Income tax	(2,425)	(1,037)	(1,388)	(133.8)
Reported net profit attributable to shareholders of the Company⁽¹⁾	7,480	5,121	2,359	46.1
Reported earnings per share (HK\$)	1.27	0.87	0.40	46.0
Profit from underlying businesses⁽¹⁾	5,848	5,073	775	15.3
Underlying businesses EPS (HK\$)	0.99	0.86	0.13	15.1
Interim ordinary dividend per share (HK\$)	0.25	0.25	-	-

1. Net of non-controlling interests of HK\$53 million and HK\$73 million in 1H2017 and 1H2016 respectively

Segmental Profits of Underlying Businesses

(HK\$m)	<u>1H2017</u>	<u>1H2016</u>	<u>Favourable/ (adverse) change</u>	
			HK\$m	%
HK transport operations ⁽¹⁾	1,320	1,631	(311)	(19.1)
Hong Kong station commercial ⁽¹⁾	2,202	2,121	81	3.8
Hong Kong property rental and management ⁽¹⁾	2,080	1,989	91	4.6
Mainland of China and international railway, property rental & management (including railway associates) ⁽²⁾	639	599	40	6.7
Project studies & business development expenses	(159)	(130)	(29)	(22.3)
Others ⁽³⁾	20	172	(152)	(88.4)
EBIT on recurrent businesses	6,102	6,382	(280)	(4.4)
Interests on recurrent business profit ⁽⁴⁾	(597)	(429)	(168)	(39.2)
Tax on recurrent business profit ⁽⁵⁾	(1,027)	(1,087)	60	5.5
Post-tax recurrent business profit	4,478	4,866	(388)	(8.0)
Post-tax HK property development profit	519	194	325	n/a
Post-tax Mainland of China property development profit	851	13	838	n/a
Post-tax property development profit	1,370	207	1,163	561.8
Profit from underlying businesses	5,848	5,073	775	15.3

Note:

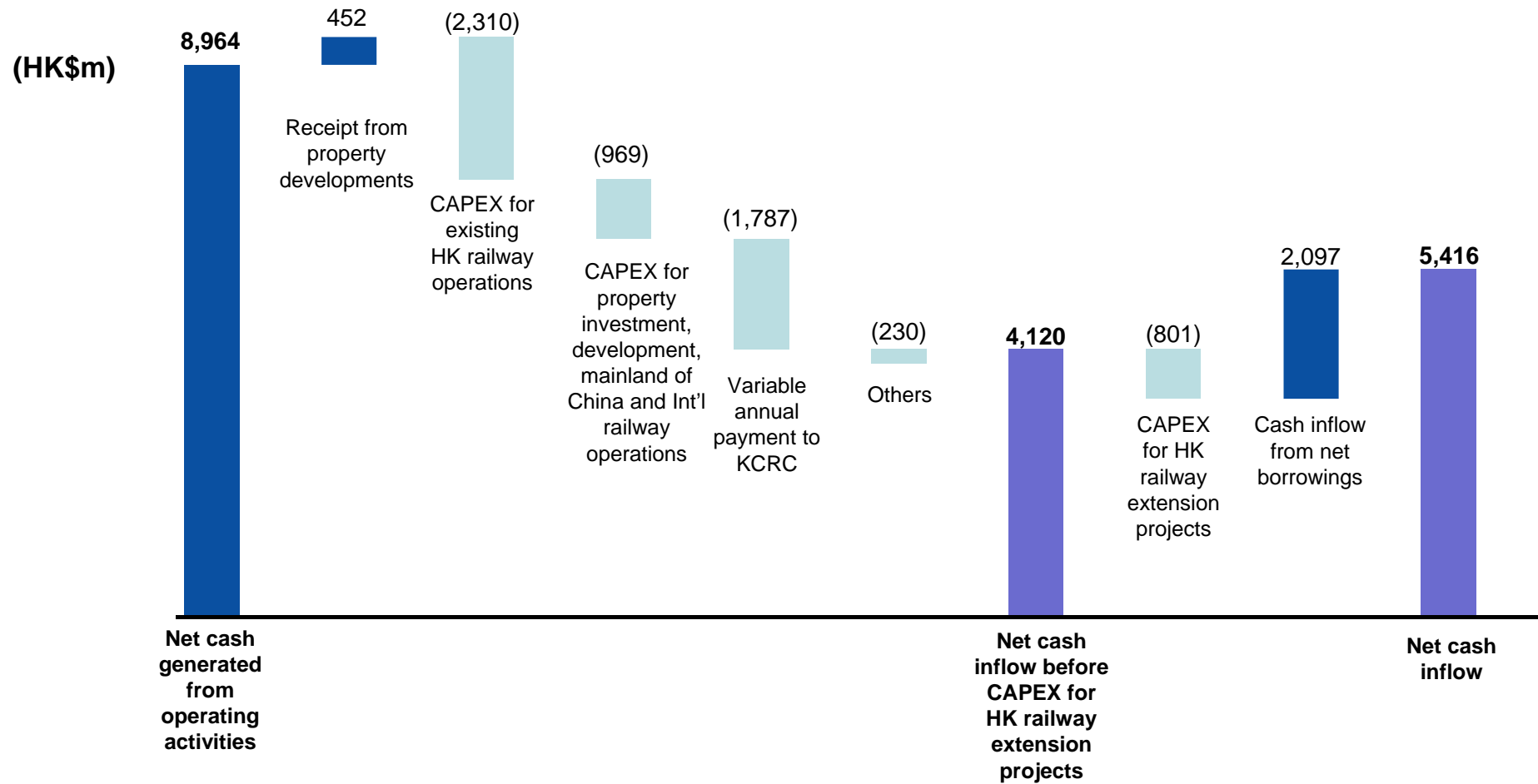
All segmental profits shown are pre-tax profits.

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

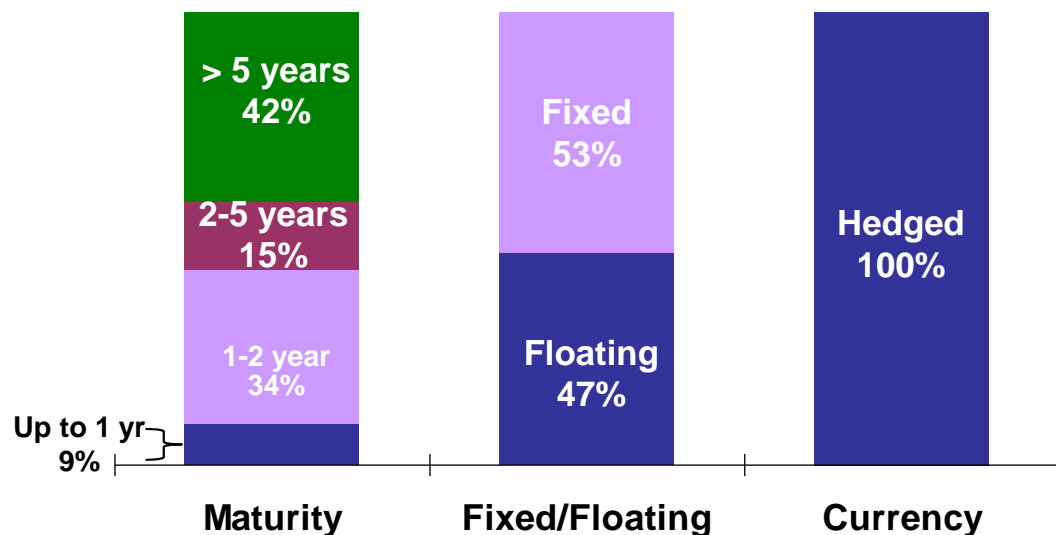
(HK\$m)	<u>30 Jun 2017</u>	<u>31 Dec 2016</u>	<u>Increase/ (Decrease)</u>	
			<u>HK\$m</u>	<u>%</u>
Assets				
Investment properties	72,156	70,060	2,096	3.0
Other property, plant and equipment	102,807	103,613	(806)	(0.8)
Service concession assets	28,809	28,269	540	1.9
Property development in progress	14,687	17,484	(2,797)	(16.0)
Interests in associates	6,138	7,015	(877)	(12.5)
Assets held for sale	1,269	-	1,269	n/a
Properties held for sale	1,451	1,394	57	4.1
Debtors, deposits and payments in advance	3,919	4,073	(154)	(3.8)
Amounts due from related parties	2,400	2,171	229	10.5
Cash, bank balances and deposits	26,008	20,290	5,718	28.2
Others	2,847	2,971	(124)	(4.2)
Total Assets	262,491	257,340	5,151	2.0
Liabilities				
Debts	42,469	39,939	2,530	6.3
Creditors and accrued charges	25,141	30,896	(5,755)	(18.6)
Current taxation	1,984	123	1,861	n/a
Amounts due to related parties	14,927	11,783	3,144	26.7
Obligations under service concession	10,485	10,507	(22)	(0.2)
Deferred tax liabilities	12,104	12,125	(21)	(0.2)
Others	2,686	2,411	275	11.4
Total Liabilities	109,796	107,784	2,012	1.9
Total Equity	152,695	149,556	3,139	2.1

Cash Flow (for the 6 months ended 30 Jun 2017)



Financing and Credit Ratios

Company Debt Profile (30 Jun 2017)⁽¹⁾



Consolidated group borrowings outstanding:

HK\$42,469m (HK\$39,939m as at 31 Dec 2016)

Average borrowing cost⁽²⁾ : **2.5%**

0.6 %pt

Net interest expense⁽²⁾: **HK\$403m**

50.4%

Compared to 1H16 figures

Net Debt / Equity ratio ⁽²⁾	Jun 2017	Dec 2016
	17.7% ⁽³⁾	20.2%
Interest cover	1H2017	1H2016
	18.4x	14.6x

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

3. Assuming the second tranche of the special dividend of \$2.2 per share and the 2016 final ordinary dividend were paid at end-June, our proforma net debt to equity ratio would have increased to 26.2%



Outlook

Recurrent Businesses

Hong Kong Transport Operations

- Kwun Tong Line Extension and South Island Line will continue to contribute to passenger volume
- Significant increase in related depreciation and interest expenses will negatively impact reported profit

Station Commercial and Property Rental Businesses

- Rental reversions depend upon market conditions
- Advertising business more susceptible to the economic environment
- New retail space in Telford Plaza II opened in July and new extension in Maritime Square targeted for progressive opening in 4Q2017

Businesses outside Hong Kong

- Full year contribution of Stockholms pendeltåg
- Initial contribution from the new South Western rail franchise starting in Aug 2017

Property Development Businesses

Hong Kong

- Recently, there have been further increases in land supply from both the Government and particularly, the private sector through lease modifications
- Over the next 6 months, subject to market conditions, aiming to tender out the second package at Wong Chuk Hang Station