FINANCIAL REVIEW

HK$47,812 million
Total Revenue
Increased by 1.3%

HK$10,637 million
Underlying Business Profit
Decreased by 4.6%

Strong Credit Ratings
AA+
by Standard & Poor's
(long-term)

A review of the Group's results and operations is featured in the preceding sections. This section discusses and analyses these results in a greater level of detail.

CONSOLIDATED PROFIT OR LOSS

	Year ended 31 December		Favourable/ (Unfavourable) Change	
HK$ million	**2022**	2021	HK$ million	%
Total Revenue	**47,812**	**47,202**	**610**	**1.3**
Recurrent Business Profit				
EBIT[ε]				
Hong Kong Transport Services				
– Hong Kong Transport Operations	**(4,733)**	(4,262)	(471)	(11.1)
– Hong Kong Station Commercial Businesses	**2,270**	2,488	(218)	(8.8)
Total Hong Kong Transport Services	**(2,463)**	(1,774)	(689)	(38.8)
Hong Kong Property Rental and Management Businesses	**3,800**	4,048	(248)	(6.1)
Mainland China and International Railway, Property Rental and Management Subsidiaries*	**962**	622	340	54.7
Other Businesses, Project Study and Business Development Expenses	**(539)**	(567)	28	4.9
Share of Profit of Associates and Joint Ventures	**1,095**	968	127	13.1
Total Recurrent EBIT (before Impairment Loss)	**2,855**	3,297	(442)	(13.4)
Impairment Loss on Shenzhen Metro Line 4	**(962)**	–	(962)	n/m
Total Recurrent EBIT (after Impairment Loss)	**1,893**	3,297	(1,404)	(42.6)
Interest and Finance Charges	**(1,061)**	(1,045)	(16)	(1.5)
Income Tax	**(361)**	(317)	(44)	(13.9)
Non-controlling Interests	**(314)**	(127)	(187)	(147.2)
Recurrent Business Profit	**157**	1,808	(1,651)	(91.3)
Property Development Profit (Post-tax)				
In Hong Kong	**10,413**	9,277	1,136	12.2
Outside Hong Kong	**67**	66	1	1.5
Property Development Profit (Post-tax)	**10,480**	9,343	1,137	12.2
Underlying Business Profit	**10,637**	**11,151**	**(514)**	**(4.6)**
Loss from Fair Value Measurement of Investment Properties (Post-tax)				
Loss from Fair Value Remeasurement on Investment Properties	**(3,076)**	(2,065)	(1,011)	(49.0)
Gain from Fair Value Measurement of Investment Properties on Initial Recognition from Property Development	**2,266**	466	1,800	386.3
Loss from Fair Value Measurement of Investment Properties (Post-tax)	**(810)**	(1,599)	789	49.3
Net Profit Attributable to Shareholders of the Company	**9,827**	**9,552**	**275**	**2.9**
Total Recurrent EBIT Margin[#] *(in %)*	**1.7%**	5.0%		(3.3)% pts
Total Recurrent EBIT Margin[#] (excluding Mainland China and International Subsidiaries) *(in %)*	**3.7%**	7.8%		(4.1)% pts

ε : EBIT represents profit before interest, finance charges and taxation.

** : Excluding the impairment loss of HK$962 million in respect of Shenzhen Metro Line 4 in Mainland China.*

 # : Excluding share of profit of associates and joint ventures. If excluding the impairment loss of HK$962 million made in respect of Shenzhen Metro Line 4 in 2022, the recurrent EBIT margins (both including and excluding Mainland China and International Subsidiaries) would have been 3.7%.

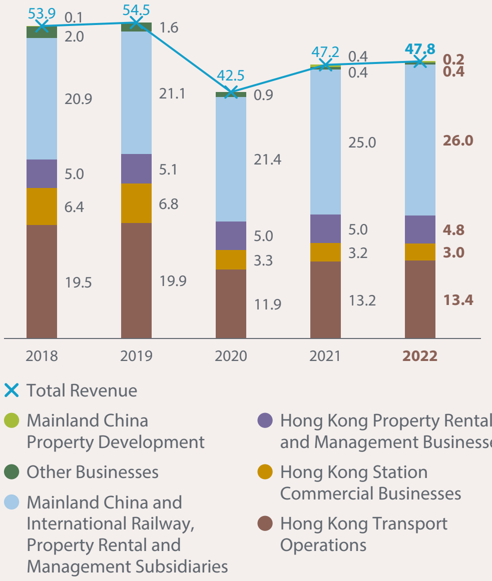
n/m : not meaningful

Our Hong Kong recurrent businesses had been severely impacted by the outbreak of the fifth wave of COVID-19 since the beginning of 2022, but they started to gradually recover following the phased lifting of various anti-pandemic measures. Outside of Hong Kong, our railway businesses in Mainland China were significantly impacted by the outbreak of the Omicron variant and an impairment provision that was made in respect of Shenzhen Metro Line 4, but higher profit contribution was seen from our businesses in Australia. Our property development business recorded satisfactory profit during the year, mainly from three of our development projects in Hong Kong.

Total Revenue

The Group's total revenue in 2022 increased slightly by 1.3% to HK$47,812 million when compared to 2021. The increase was mainly contributed by (i) higher revenue from our Melbourne transport operations, (ii) increased design and delivery project income from the Sydney Metro City & Southwest project, and (iii) incremental revenue from our Hong Kong transport operations ("HKTO") from the full-year of operation of the full Tuen Ma Line and the opening of the East Rail Line cross-harbour extension in May 2022. These factors were partially offset by (iv) the impact of unfavourable exchange rates on revenue from our overseas businesses and (v) weaker fare and non-fare revenue from our Hong Kong businesses due to the fifth wave of COVID-19.

The closures of major passenger boundary crossings between Hong Kong and Mainland China in 2022 and various air travel restrictions that were in place throughout almost the entire year continued to have material adverse impacts on our Cross-boundary and Airport Express fare revenue as well as Duty Free Shops and other rental revenue as visitor arrivals remained minimal.

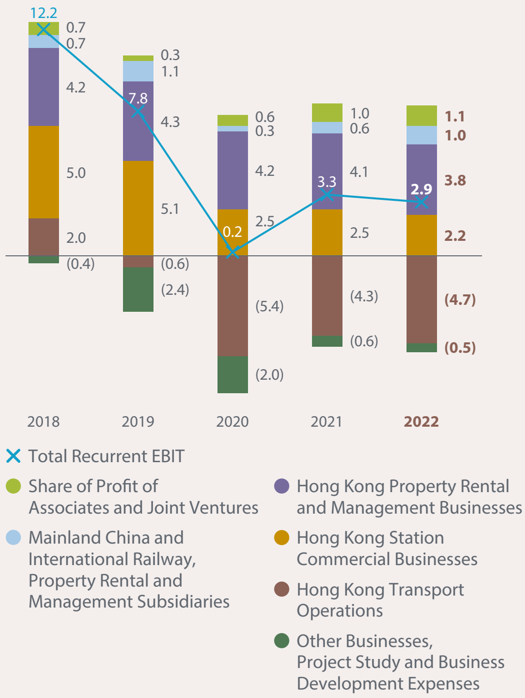


Recurrent Business Profit

The reintroduction and further tightening of anti-pandemic measures at the time when the fifth wave of COVID-19 struck Hong Kong in early 2022 had severely impacted the financial performance of our Hong Kong recurrent businesses, particularly leading to a significant decrease in patronage. Outside of Hong Kong, our railway businesses were also adversely impacted by the outbreak of the Omicron variant in Mainland China as well as a shortage of operational staff and maintenance issues in the Nordic region, although these factors were mitigated by improved profit in our Australia businesses.

Besides, the Group recognised an impairment provision of HK$962 million in respect of Shenzhen Metro Line 4 in the first half of 2022 resulting from the no fare increase situation as explained in the past. As a result, the Group's recurrent businesses reported a profit of HK$157 million this year, compared to HK$1,808 million in 2021. Excluding the HK$962 million impairment provision, our recurrent profit would have been HK$1,119 million, a decrease of HK$689 million or 38.1% as compared with 2021.

Total Recurrent EBIT by Businesses



^ *Including share of profit of associates and joint ventures, project study and business development expenses but excluding Impairment Loss on Shenzhen Metro Line 4*

The Group's total recurrent EBIT (including share of profit of associates and joint ventures as well as project study and business development expenses) in 2022 was HK$1,893 million, a decrease of HK$1,404 million when compared to 2021. Contributions from respective businesses are as follows:

HKTO: Continued to record significant EBIT loss of HK$4,733 million in 2022, and the loss was widened by HK$471 million or 11.1% when compared to 2021. This was mainly due to the significant decline in our Domestic patronage and fare revenue when the fifth wave of COVID-19 struck Hong Kong in early 2022. Our patronage in February and March 2022 reduced to the lowest level since the outbreak of COVID-19. Nevertheless, our Domestic patronage started to rebound since late April 2022 following the ease of social distancing measures by phases, as well as the incremental patronage resulting from the opening of the East Rail Line cross-harbour extension in May 2022. Our Airport Express patronage showed good signs of recovery as international air travel sentiment improved following the new "0+3" quarantine scheme for inbound travellers effective from late September 2022, which was subsequently fully lifted in late December 2022. As boundary railway crossings between Hong Kong and Mainland China remained closed throughout 2022, HKTO continued to report a significant loss during the reporting period.

Hong Kong station commercial businesses ("HKSC"): EBIT profit decreased by HK$218 million or 8.8% to HK$2,270 million. HKSC performance has been adversely impacted by the pandemic since February 2020, when revenue stream derived from Duty Free Shops stopped due to the closure of boundary crossing stations.

Decrease in EBIT profit against 2021 were primarily due to lower advertising revenue from austerity budget of advertisers, in light of the relatively slow consumption market recovery resulting from the outbreak of the fifth wave of COVID-19 in 2022.

Rental income from station kiosks along Domestic lines also decreased as a result of negative rental reversions of 14.6% on renewals and new lets for station kiosks. This was partially offset by the lower rental concessions amortised in 2022 in respect of the current and prior years' grants.

Hong Kong property rental and management businesses ("HKPR&M"): EBIT profit decreased by HK$248 million or 6.1% to HK$3,800 million. This decrease was mainly due to the negative rental reversion suffered from the pandemic. For the year, shopping malls recorded negative rental reversion of 9.0% on renewals and new lets. A series of promotional campaigns on our MTR Mobile app and a variety of targeted marketing campaigns were launched to drive mall traffic and stimulate spending during this challenging period.

Mainland China and international railway, property rental and management subsidiaries: COVID-19 continued to adversely impact our Mainland China and international business subsidiaries to varying degrees, depending on the impact of the pandemic in the different cities in which we operate and the revenue exposure under different business models in such cities.

Overall, EBIT profit improved by HK$340 million, or 54.7%, to HK$962 million. This was mainly attributable to better performance by our Melbourne transport operation from revenue protection mechanism and Sydney Metro City & Southwest project, though it was partly offset by the adverse impact from (i) the shortage of operational staff and maintenance issues on our Nordic businesses, (ii) the impact of the pandemic on our Mainland China business and (iii) the depletion of local government subsidies for Shenzhen Metro Line 4 by late 2022.

Other businesses, project study and business development expenses: EBIT loss from these businesses was HK$539 million in 2022, compared to HK$567 million in 2021. The incurred loss is mainly due to service suspension of Ngong Ping 360 during the fifth wave of COVID-19.

Share of profit of associates and joint ventures

Share of profit of associates and joint ventures increased by HK$127 million or 13.1% to HK$1,095 million in 2022. The increase was mainly due to the increase in profit sharing from Octopus Holdings Limited, which resulted from improved consumer sentiment and the spill over effect from the Government Consumption Voucher Scheme, as well as our increased shareholding since early 2022. Profit was partly offset by worsening performance in our Hangzhou operations due to lower patronage as a result of the pandemic.

Impairment Loss on Shenzhen Metro Line 4

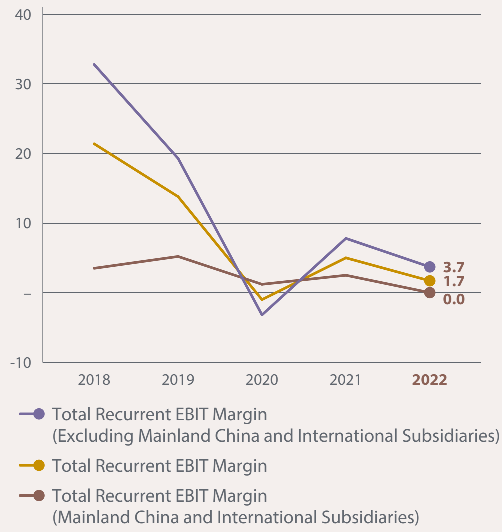
As we have been warning repeatedly for some time, if a suitable fare increase and adjustment mechanism are not implemented in Shenzhen soon, the long-term financial viability of this line will be impacted. In this connection, an impairment provision of HK$962 million was made in the first half of 2022 for Shenzhen Metro Line 4 as it is anticipated that the mechanism and procedures for fare adjustments will take longer time to implement and patronage will remain at a lower level for a period of time. Based on the review performed by the Group as at 31 December 2022, no further impairment provision was made.

Total Recurrent EBIT Margin

Total recurrent EBIT margin had declined since 2019 before rebounding in 2021 following stabilisation in the number of pandemic cases. Due to the fifth wave of COVID-19 in Hong Kong and other outbreaks in Mainland China, EBIT margins declined to 3.7% and 1.7% in 2022, before and after taking into account the impairment provision of Shenzhen Metro Line 4, respectively.

Total Recurrent EBIT Margin#

(Percentage)



\# *Excluding share of profit of associates and joint ventures*

Interest and Finance Charges

Interest and finance charges for recurrent businesses were HK$1,061 million, representing an increase of 1.5% from 2021. This was mainly due to higher interest rate. A detailed review of the Group's financing activities is featured in the ensuing section.

Income Tax

Tax expenses for recurrent businesses were HK$361 million, an increase of 13.9% over 2021. This was mainly due to the increased proportion of profit generated in tax jurisdictions with higher tax rates, particularly in Australia.

Since the Rail Merger in 2007, the Company has claimed annual Hong Kong Profits Tax deductions in respect of the amortisation of upfront payment and cut-over liabilities, and fixed annual payments and variable annual payments relating to the Rail Merger (collectively "the Sums"). The total tax amount in respect of the Sums for the years of tax assessment from 2007/2008 to 2022/2023 amounted to HK$4.6 billion. As disclosed in previous years, the Inland Revenue Department of Hong Kong ("IRD") issued notices of profits tax assessments/additional profits tax assessments for the years of assessment from 2009/2010 to 2017/2018 disallowing deduction of the Sums in the computation of the Company's assessable profits. Based on the strength of advice from the external legal counsels and tax advisor, the Company has lodged objections against these tax assessments (regarding the deductibility of the Sums) and has applied to hold over the additional tax demanded. The IRD has agreed to the holdover of the additional tax demanded subject to the purchases of tax reserve certificates ("TRCs") amounting to HK$2.3 billion. The Company has purchased the required TRCs and the additional tax demanded has been held over by IRD. The purchases of TRCs do not prejudice the Company's tax position and the purchased TRCs were included in "Debtors and other receivables" in the Group's consolidated statement of financial position.

On 20 May 2022, the Commissioner of Inland Revenue issued a determination to the Company disagreeing with the objections lodged by the Company and confirming profits tax assessment/additional profits tax assessments in respect of the Sums in dispute for the years of assessment from 2011/2012 to 2017/2018 (i.e. holding that the Sums are not deductible in the computation of the Company's assessable profits for those years of assessment). The Company re-affirmed the case with the external legal counsel who advised the Company previously and the tax advisor, and obtained further advice from another external legal counsel. Based on the advice from the external legal counsels and tax advisor, the directors of the Company believe that the

Company has strong legal grounds and have determined to contest and appeal against the assessments for the years of assessment from 2011/2012 to 2017/2018. Accordingly, the Company lodged a notice of appeal to the Inland Revenue Board of Review on 16 June 2022. No additional tax provision has been made as a result of the determination received in respect of the above notices of profits tax assessments/additional profits tax assessments and other relevant years of assessment. The date of hearing before the Board of Review is scheduled to be held in early 2024.

Property Development Profit (Post-tax)

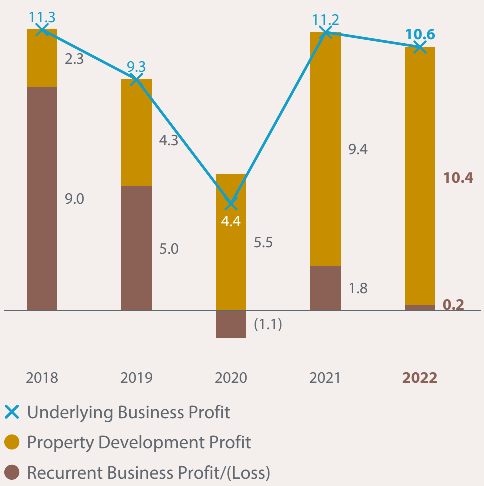
The Group's property development profit (post-tax) was HK$10,480 million, representing an increase of 12.2% over 2021. Property development profit for 2022 was mainly derived from the incomes and share of surplus proceeds from LP10 (LOHAS Park Package 10), SOUTHLAND (The SOUTHSIDE Package 1) and La Marina (The SOUTHSIDE Package 2), while profit recorded for 2021 was mainly contributed by MONTARA (LOHAS Park Package 7), SEA TO SKY (LOHAS Park Package 8) and MARINI (LOHAS Park Package 9).

Underlying Business Profit

The Group's underlying business profit was HK$10,637 million compared to HK$11,151 million in 2021. This was due to the decrease in Recurrent Business Profit of HK$1,651 million, which was partly offset by the increase in Property Development Profit of HK$1,137 million.

Underlying Business Profit

(HK$ billion)



Loss from Fair Value Measurement of Investment Properties (Post-tax)

Loss from fair value measurement of investment properties was HK$810 million in 2022, comprising investment property fair value remeasurement loss of HK$3,076 million, partly mitigated by gain from fair value measurement of investment properties of HK$2,266 million on initial recognition of the shopping mall, The Wai.

The fair value remeasurement on the Group's investment properties in Hong Kong and Mainland China, which were performed by independent professional valuation firms, resulted in a post-tax fair value remeasurement loss of HK$3,076 million for the year ended 31 December 2022, compared to a fair value remeasurement loss of HK$2,065 million for 2021. The loss, being a non-cash item, represents an approximately 3.6% drop against the value as of 31 December 2021. This loss was mainly explained by the continued negative rental reversions recorded in 2022 due to the pandemic.

Gain from fair value measurement of investment properties on initial recognition from property development of HK$2,266 million represented the receipt of sharing-in-kind shopping mall, The Wai.

Net Profit Attributable to Shareholders of the Company

Taking into account the Group's recurrent businesses, property development businesses and fair value measurement of investment properties, the Group reported a net profit attributable to shareholders of the Company of HK$9,827 million for the year ended 31 December 2022, compared to HK$9,552 million for 2021.

CONSOLIDATED FINANCIAL POSITION

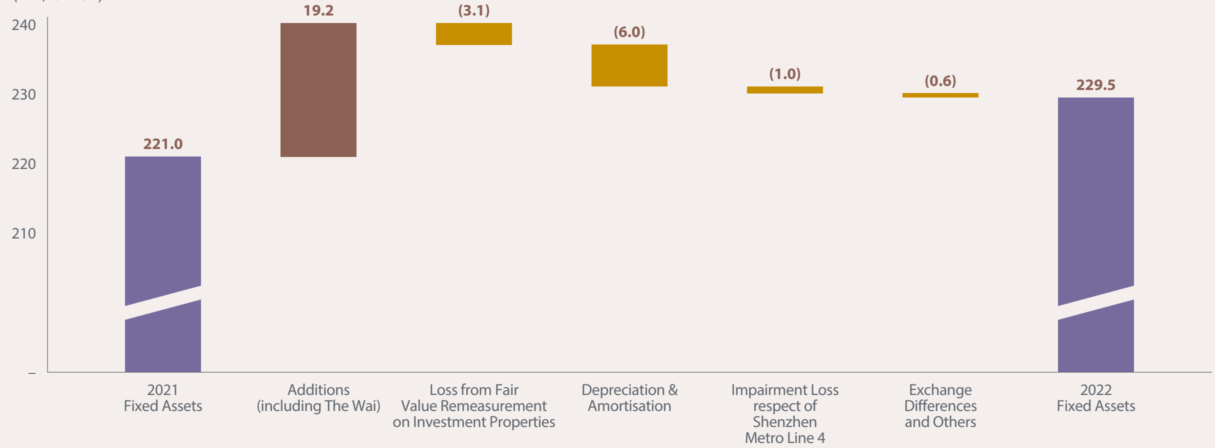
HK$ million	As at 31 December 2022	As at 31 December 2021	Inc./(Dec.) HK$ million	%
Fixed Assets	**229,491**	221,032	8,459	3.8
Property Development in Progress	**41,269**	11,215	30,054	268.0
Interests in Associates and Joint Ventures	**12,338**	12,442	(104)	(0.8)
Debtors and Other Receivables	**13,889**	14,797	(908)	(6.1)
Cash, Bank Balances and Deposits	**16,134**	20,970	(4,836)	(23.1)
Other Assets	**13,960**	11,626	2,334	20.1
Total Assets	**327,081**	292,082	34,999	12.0
Total Loans and Other Obligations	**47,846**	43,752	4,094	9.4
Creditors and Other Liabilities	**74,481**	43,644	30,837	70.7
Obligations Under Service Concession	**10,142**	10,231	(89)	(0.9)
Deferred Tax Liabilities	**14,700**	14,418	282	2.0
Total Liabilities	**147,169**	112,045	35,124	31.3
Net Assets	**179,912**	180,037	(125)	(0.1)
Represented by:				
Total Equity Attributable to Shareholders of the Company	**179,286**	179,714	(428)	(0.2)
Non-controlling Interests	**626**	323	303	93.8
Total Equity	**179,912**	180,037	(125)	(0.1)

Fixed Assets

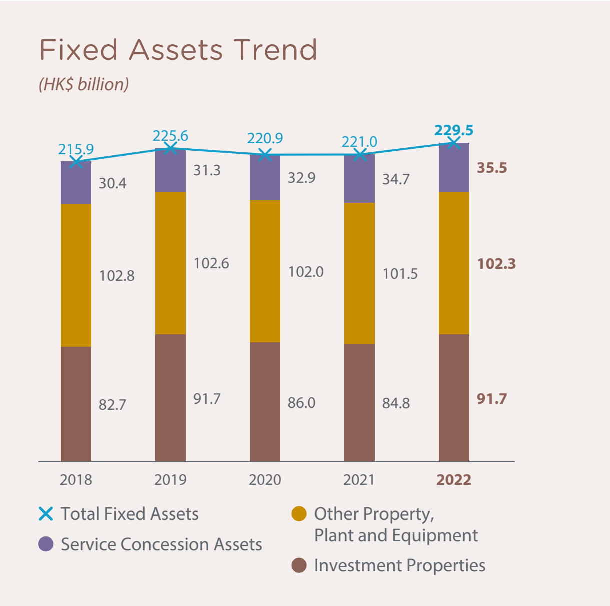
Fixed assets increased by HK$8,459 million to HK$229,491 million, mainly due to additions of HK$19,242 million on The Wai, renewal and upgrade works for our existing Hong Kong railway network and investment property portfolio, and service concession assets in respect of Shenzhen Metro Line 13. These factors were partly offset by total depreciation and amortisation of HK$6,034 million for the year, an impairment provision of HK$962 million for Shenzhen Metro Line 4 and the loss from fair value remeasurement on our investment property portfolio of HK$3,076 million.

Movements in Fixed Assets

(HK$ billion)



The graph below shows the Group's fixed assets trend over the past five years.



Property Development in Progress

Property development in progress increased significantly by HK$30,054 million to HK$41,269 million, which was predominantly due to the asset increase arising from the government grant accounting in relation to the Oyster Bay Project.

Interests in Associates and Joint Ventures

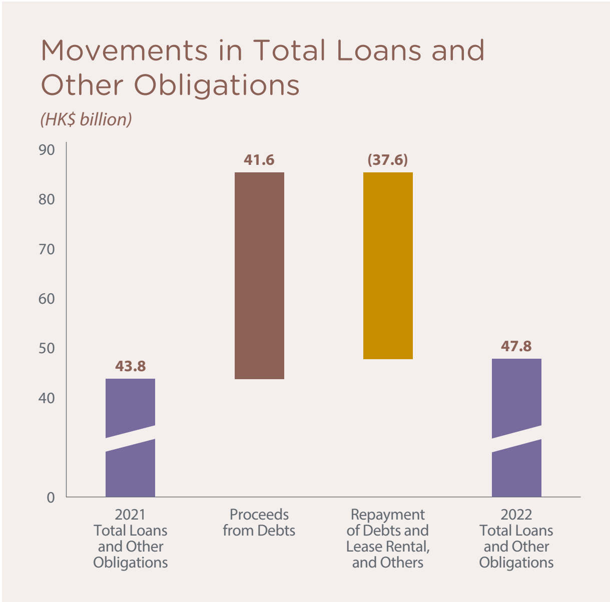
Interests in associates and joint ventures decreased mainly due to exchange loss on the carrying amounts of investments arising primarily from the depreciation of the Renminbi, but mitigated by share of profit from associates and joint ventures, net of dividend declared.

Debtors and Other Receivables

Debtors and other receivables decreased mainly due to receipts of cash in respect of LOHAS Park property development projects.

Total Loans and Other Obligations

Total loans and other obligations increased mainly due to net drawdown of loans.



Creditors and Other Liabilities

Creditors and other liabilities increased significantly by HK$30,837 million to HK$74,481 million, which was mainly due to recognition of notional deferred income under government grant accounting relating to the Oyster Bay Project. This deferred income will be used to offset the costs for the construction of the new Oyster Bay Station, re-provision of the Siu Ho Wan depot, property enabling works and site formation of the project.

Total Equity

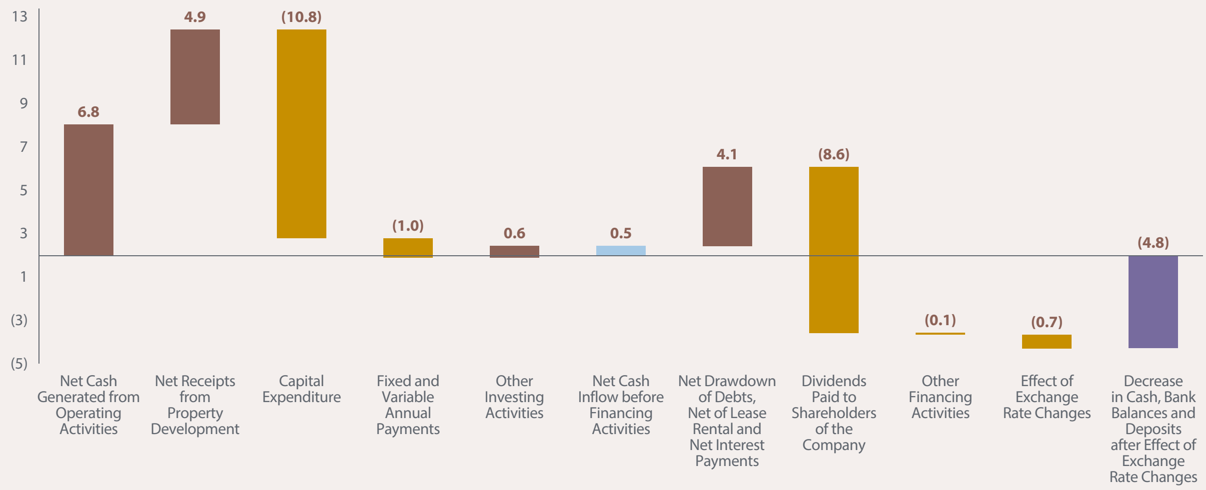
Total equity slightly decreased by HK$125 million to HK$179,912 million. This was mainly attributable to the payments of the 2021 final and 2022 interim ordinary dividends during the year, as well as the unfavourable exchange differences on our Mainland China and international assets as a result of the stronger HK dollar, mitigated by net profit recorded for the year.

CONSOLIDATED CASH FLOWS

HK$ million	2022		2021	
Net Cash Generated from Operating Activities		**6,757**		7,472
Receipts in respect of Property Development	**14,162**		17,779	
Payments in respect of Property Development	**(9,245)**		(1,137)	
Net Receipts from Property Development		**4,917**		16,642
Capital Expenditure		**(10,808)**		(7,785)
Fixed Annual Payments	**(750)**		(750)	
Variable Annual Payments	**(260)**		(238)	
Fixed and Variable Annual Payments		**(1,010)**		(988)
Other Investing Activities		**589**		(704)
Net Cash Inflow before Financing Activities		**445**		14,637
Net Drawdown/(Repayment) of Debts, and Lease Rental Payments	**4,768**		(6,583)	
Net Interest Payments	**(668)**		(734)	
Net Drawdown/(Repayment) of Debts, Lease Rental and Net Interest Payments		**4,100**		(7,317)
Dividends Paid to Shareholders of the Company		**(8,562)**		(7,165)
Other Financing Activities		**(109)**		(49)
(Decrease)/Increase in Cash, Bank Balances and Deposits before Effect of Exchange Rate Changes		**(4,126)**		106
Effect of Exchange Rate Changes		**(710)**		(42)
(Decrease)/Increase in Cash, Bank Balances and Deposits after Effect of Exchange Rate Changes		**(4,836)**		64
Cash, Bank Balances and Deposits as at 1 January		**20,970**		20,906
(Decrease)/Increase in Cash, Bank Balances and Deposits after Effect of Exchange Rate Changes		**(4,836)**		64
Cash, Bank Balances and Deposits as at 31 December		**16,134**		20,970

Cash Flows for the Year Ended 31 December 2022

(HK$ billion)



Net Cash Generated from Operating Activities

Net cash generated from operating activities decreased by HK$715 million to HK$6,757 million in 2022 from HK$7,472 million in 2021. This resulted mainly from the decrease in operating profit due to the pandemic.

Net Receipts for Property Development

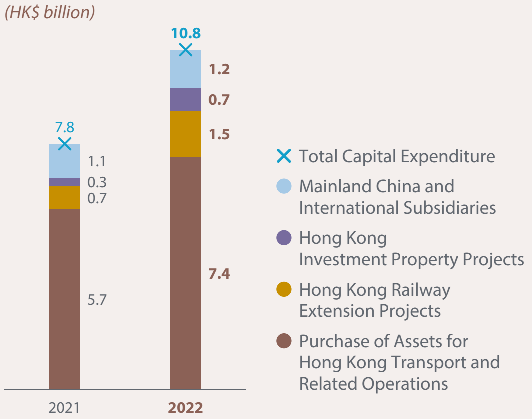
Net receipts for property development were HK$4,917 million, comprising (i) cash receipts of HK$14,162 million from The SOUTHSIDE and LOHAS Park packages, which were offset by (ii) cash payments of HK$9,245 million mainly for the Oyster Bay Project.

Capital Expenditure

In 2022, capital expenditure amounted to HK$10,808 million. This comprised HK$7,370 million for investments in additional assets such as station renovation works, new trains and signalling systems for existing Hong Kong railways and related operations; HK$1,465 million for Hong Kong railway extension projects mainly initial work for RDS 2014 projects; HK$1,204 million for Mainland China and overseas subsidiaries such as Shenzhen Metro Line 13, and HK$769 million for Hong Kong investment properties.

Total Capital Expenditure

(HK$ billion)



Net Drawdown of Debts, Net of Lease Rental and Net Interest Payments

In 2022, net drawdown of debts, net of lease rental and net interest payments of HK$4,100 million comprised (i) proceeds of HK$41,646 million from loans and capital market instruments, offset by (ii) repayment of HK$36,878 million mainly relating to loans and (iii) net interest payment of HK$668 million.

Dividends Paid to Shareholders of the Company

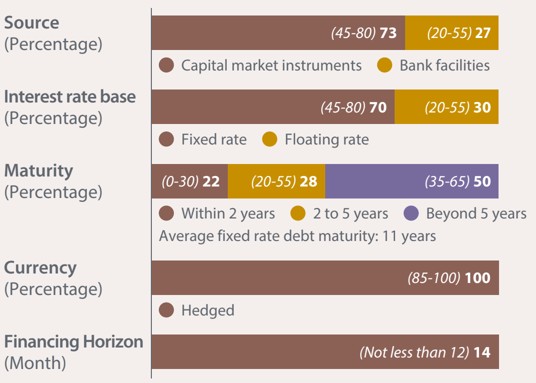
The Group paid dividends of HK$8,562 million (2021: HK$7,165 million) in cash, being the 2021 final dividend of HK$1.02 per share and the 2022 interim dividend of HK$0.42 per share. The increase was due to a higher interim dividend per share in 2022, which was around one-third of the total dividends per share for the entire year, as compared to the 2021 interim dividend of HK$0.25 per share.

FINANCING ACTIVITIES

Preferred Financing Model and Debt Profile

The Preferred Financing Model exemplifies the Company's approach to debt management and helps ensure a prudent and well-balanced debt portfolio

(Preferred Financing Model) vs. **Actual debt profile** as at 31 December 2022



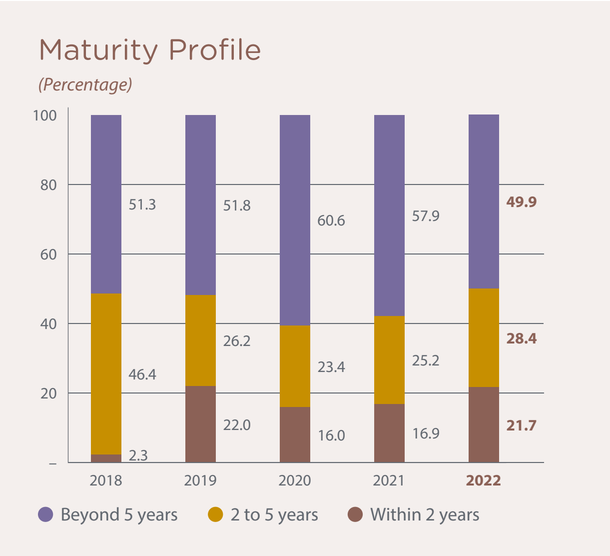
Interest rates for both USD and HKD rose significantly as the US Federal Reserve hiked its benchmark rate multiple times in 2022 at the fastest pace in decades. The 3-month USD Libor increased to 4.77% p.a. at the end of the year from 0.21% p.a. at the start of the year. Likewise, 3-month HKD Hibor rose to 4.99% p.a. from 0.26% p.a. The 10-year US Treasury yield rose to 3.87% p.a. at year end from 1.51% p.a. at the start of the year, while the 10-year HKD swap rate rose to 3.86% p.a. from 1.54% p.a.

Financing of HK$12.8 billion in total was arranged by the Company in 2022, including the equivalent of HK$10.3 billion from MTN issuance with maturities ranging between one and five years, and HK$2.5 billion from bank loans with tenors between three and five years. HK$2.8 billion of financing in 2022 was arranged under our Sustainable Finance Framework, where the proceeds were earmarked for eligible investments.

As at the end of 2022, the proportion of fixed rate borrowings of the Company stood at 70%.

Maturity Profile

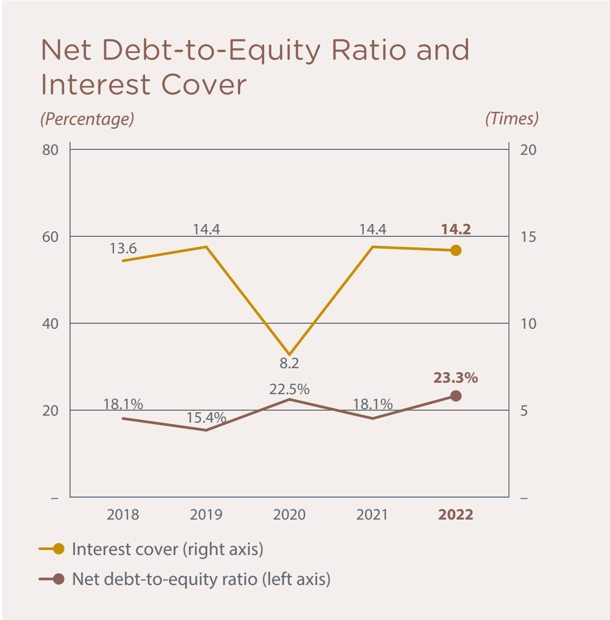
The graph below shows the maturity profiles of the Company's interest-bearing borrowings at year-end 2018-2022. The spread of the maturities of the Company's borrowings helps diversify the refinancing risk of the Company.



Gearing Ratio and Interest Cover

The Group's gearing ratio, as measured by net debt-to-equity ratio, increased by 5.2 percentage points to 23.3% at year-end 2022 from 18.1% at year-end 2021 mainly due to payment for the land premium in relation to the Oyster Bay Project during the year. The Group's interest cover decreased from 14.4 times in 2021 to 14.2 times in 2022.

The graph below shows the level of leverage and our ability to meet interest payment obligations over the past five years.

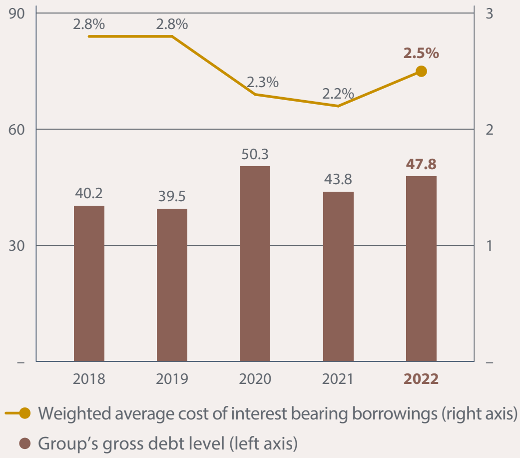


Cost of Borrowing

The Group's consolidated gross debt position increased to HK$47,846 million at year-end 2022 from HK$43,752 million at year-end 2021. The weighted average cost of the Group's interest-bearing borrowings increased to 2.5% p.a. in 2022 from 2.2% p.a. in 2021 mainly due to higher average cost of floating rate borrowing resulting from higher HKD Hibor.

The diagram below shows the Group's gross debt level and weighted average cost of interest-bearing borrowings.

Group's Gross Debt Level and Weighted Average Cost of Interest-bearing Borrowings



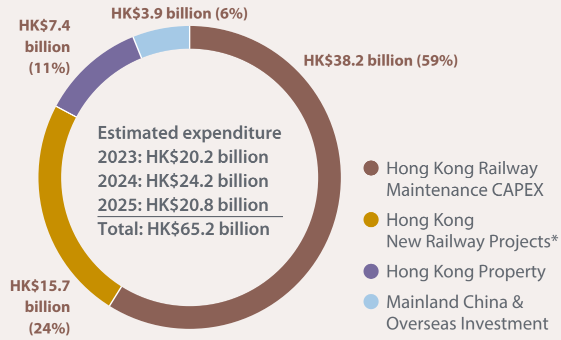
Capital Expenditure and Investment

The Group's capital expenditure and investment can be categorised into the following: Hong Kong railway projects (further classified into maintenance work for existing railways and new projects), Hong Kong property investment and development, and Mainland China and overseas investment. Total spending from 2023 to 2025 is estimated at around HK$65 billion.

Capital expenditure on Hong Kong railway projects will continue to constitute a significant portion of capital expenditure in 2023-2025, following the signing of the project agreements for the Oyster Bay Project and Tung Chung Line Extension Project. The capital works expenditure and the funding arrangements of the other RDS 2014 new projects can only be ascertained after our entering into the relevant project agreements with the Government.

The Group believes that based on its cash, bank balances and deposits of more than HK$16 billion, total available committed banking facilities of more than HK$14 billion as at 31 December 2022, and its ready access to both the loan and debt capital markets, it will have sufficient financing capacity to fund its capital expenditure and investment programme.

Capital Expenditure and Investment (2023–2025)



* *Including planning and design CAPEX but excluding related construction CAPEX of New Railway Projects, which are subject to the signing of project agreements.*

Credit Ratings (as of 9 March 2023)

Credit ratings	Short-term*	Long-term*
Standard & Poor's	A-1+/A-1+	AA+/AA+
Moody's	–/P-1	Aa3/Aa3
Rating & Investment Information, Inc. (R&I)	a–1+	AA+

* *Ratings for Hong Kong dollar/foreign currency-denominated debts respectively*

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