



HONG KONG NETWORK EXPANSION



Construction Commenced for

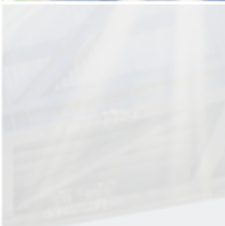
Tung Chung Line Extension, Tuen Mun South Extension, Kwu Tung Station on the East Rail Line and Oyster Bay Station



Schemes for Northern Link Main Line and Hung Shui Kiu Station were gazetted



Continued to progress projects under RDS 2014 and strategic railway projects recommended under the Blueprint



AIM

We strive to design and construct new railway projects that provide safe, reliable, affordable, accessible and low-carbon mass transit services for passengers, support the economic development of local communities, and ensure the future success of our “Hong Kong Core” strategic growth pillar.

CHALLENGES

The Company is working assiduously to progress a number of important projects under Railway Development Strategy 2014 (“RDS 2014”) and other Government strategic railway initiatives under the “Hong Kong Major Transport Infrastructure Development Blueprint” (“the Blueprint”).

Apart from challenges related to the availability of sufficient labour in Hong Kong’s construction sector, each of our new railway projects has its own technical difficulties and challenges to be addressed, including works needing to be carried out at night during non-traffic hours.

OUTLOOK

We are now in the midst of an exciting new era for railway development in Hong Kong. Construction has begun on the Tung Chung Line Extension, Tuen Mun South Extension and Kwu Tung Station on the East Rail Line, all of which are important projects under RDS 2014. We anticipate that additional railway infrastructure projects will soon reach advanced stages as Government and MTR work together to explore many of the other initiatives planned under RDS 2014 and the Blueprint to connect communities and strengthen links with the Greater Bay Area.

STRATEGIES

We are committed to “Go Beyond Boundaries” in our efforts to deliver world-class railway networks that support the current and future needs of our communities, adopting the latest technologies and integrating innovative and green initiatives while meeting or exceeding globally established standards for project design, construction and management.

HONG KONG NETWORK EXPANSION

In 2023, we signed project agreements for the Tung Chung Line Extension, Tuen Mun South Extension and Kwu Tung Station on the East Rail Line, and we broke ground on a number of exciting RDS 2014 initiatives for expanding and enhancing Hong Kong's railway network. We also continued to advance projects highlighted in the Chief Executive's 2023 Policy Address as well as strategic railway projects recommended under the Blueprint.

During the first half of 2023, we also completed the periodic review of our Operating Agreement with Government. In addition to reviewing a number of performance requirements, we also reviewed the provisions relating to the land premium arrangements for future projects in light, in particular, of the revised arrangements which were agreed for the Oyster Bay and Tung Chung Line Extension projects, for which the land premium was to be assessed on a full market value basis (i.e., on a with-railway basis rather than ignoring the presence of the railway), with certain agreed amounts deducted. The revised Operating Agreement provides that, going forward, the same approach will be adopted (unless otherwise agreed by the Company and Government) having regard to the acknowledgements contained in the Operating Agreement that the Company will continue to require an appropriate commercial rate of return when undertaking new projects.

PROJECTS IN PROGRESS

Tung Chung Line Extension

In February 2023, MTR signed the project agreement with Government for the financing, design, construction, operation and maintenance of the Tung Chung Line Extension, a major part of the RDS 2014 plan for the city's future railway transport infrastructure. Once finished, the Tung Chung Line Extension will serve new towns in the Tung Chung East new reclamation area and Tung Chung West, enhancing connectivity in Lantau North and supporting sustainable long-term population and economic growth. The project is being funded by the financial contribution from the "Rail plus Property" development model and the Company's internal resources.







A ground-breaking ceremony was held in May 2023, and two major civil works contracts have since been awarded. It is expected that the construction of the Tung Chung Line Extension will be completed in 2029. The Company will also undertake the construction of the Airport Railway Extended Overrun Tunnel ("ARO"). Construction of the ARO is targeted to commence in 2025 for completion in 2032.



Tuen Mun South Extension

In September 2023, the Company signed the project agreement with Government for the financing, design, construction, operation and maintenance of the Tuen Mun South Extension. The project involves extending the Tuen Ma Line southward by approximately 2.4 km from Tuen Mun Station by way of a viaduct as well as the construction of two new stations, including an

intermediate station at Area 16 and a new terminal station at Tuen Mun South near the Tuen Mun Ferry Terminal. A kick-off event was held in October 2023, and construction is targeted for completion in 2030. The project will be funded by the financial contributions from the “Rail plus Property” development model and the Company’s internal resources.

	Number of Stations	Route Length (km)	Project Funding	Construction Commencement Year	Targeted Completion Year
 <p>Tung Chung Line Extension</p>	2 (Tung Chung East Station and Tung Chung West Station)	About 2.5 km	Rail plus Property	2023	2029
 <p>Tuen Mun South Extension</p>	2 (A16 Station and Tuen Mun South Station)	About 2.4 km	Rail plus Property	2023	2030
 <p>Kwu Tung Station on the East Rail Line</p>	1	–	Rail plus Property	2023	2027
 <p>Oyster Bay Station</p>	1	–	Rail plus Property	2023	2030

Kwu Tung Station on the East Rail Line

In September 2023, the Company also signed the project agreement with Government for the financing, design, construction, operation and maintenance of Kwu Tung Station on the East Rail Line, a new station that will be situated in the town centre of the future Kwu Tung North New Development Area between Lok Ma Chau and Sheung Shui stations on the East Rail Line. A ground-breaking ceremony was held in September, and construction is expected to be completed in 2027. Upon its commissioning, Kwu Tung Station will be the 100th station in the MTR network. The project will be funded by the financial contributions from the “Rail

plus Property” development model and the Company’s internal resources.

Oyster Bay Station

In September 2022, MTR entered into a project agreement with Government for the financing, design, construction, operation and maintenance of a new Oyster Bay Station located at Siu Ho Wan between Sunny Bay and Tung Chung stations. Construction began in December 2023 and is expected to be completed in 2030. Oyster Bay Station is expected to greatly enhance connectivity in Lantau North while also catering to the future population of Oyster Bay.

OTHER NEW RAILWAY PROJECTS UNDER RDS 2014

In 2023, MTR also took forward several other important RDS 2014 projects. In October, the Northern Link Main Line railway scheme was gazetted under the Railways Ordinance. We are now supporting and fulfilling pre-construction statutory procedures with the target of commencing construction in 2025 for project completion in 2034. In parallel, we are working with Government to bring forward the Northern Link Spur Line project to the detailed planning and design stage. The railway scheme for Hung Shui Kiu Station was gazetted in February 2023. We are currently developing detailed planning and design for the new station, which is to be located on the Tuen Ma Line between Tin Shui Wai and Siu Hong stations.

It is important to note that the Company is still in various stages of discussion with Government and has yet to enter into project agreements for the Northern Link and Hung Shui Kiu Station projects. Government has announced its intention to proceed with MTR on these projects using the ownership approach. Different funding models, including the “Rail plus Property” development model, may be deployed to ensure commercial returns on the Company’s investments.

Elsewhere, we will closely monitor the progress of the South Island Line (West) project featured in the Blueprint and provide full support as required. As mentioned in the Blueprint, Government anticipates that, up to 2046, there is no imminent need to take forward the North Island Line. We continue to work with Government on challenges pertaining to this line.

BUILDING THE FUTURE HONG KONG RAILWAY NETWORK

MTR welcomed the Chief Executive’s 2023 Policy Address and announcement of the publication of the Blueprint, which proposes the further extension of Hong Kong’s railway network as well as accelerated long-term land development. The enhanced “Three Railways” proposal includes the provision of three intermediate stations along the Central Rail Link for transiting to the Tsuen Wan Line, located in Northeast Tsuen Wan, Northeast Kwai Chung and the Tsuen King Circuit; the Tseung Kwan O Line Southern Extension and Hong Kong – Shenzhen Western Rail Link linking Hung Shui Kiu and Qianhai in Shenzhen; and two new railway projects, the Northern Link Eastern Extension and Northeast New Territories Line connecting Heung Yuen Wai to Fanling Station on the East Rail Line. The Company is also conducting research on construction works for the proposed new Pak Shek Kok Station on the East Rail Line while closely monitoring the progress of the proposed implementation of smart and green mass transit in areas such as East Kowloon, Kai Tak, Hung Shui Kiu and Ha Tsuen as mentioned in the Policy Address, providing full support as required.

As always, MTR will proactively leverage its expertise in railway development and operations to support the sustainable development of Hong Kong as well as Government’s strategy of using railways as the backbone of the public transport system.