

FINANCIAL PERFORMANCE

In addition to the above brief report of the Group's results and operations, this section discusses and analyses such results in more details.

CONSOLIDATED PROFIT OR LOSS

HK\$ million	Year ended 31 December		Favourable/ (Unfavourable) Change	
	2025	2024	HK\$ million	%
Total Revenue	55,465	60,011	(4,546)	(7.6)
Recurrent Business Profit				
EBIT ^ε				
Hong Kong Transport Services				
– Hong Kong Transport Operations	(254)	(63)	(191)	(303.2)
– Hong Kong Station Commercial Businesses	3,660	3,773	(113)	(3.0)
Total Hong Kong Transport Services	3,406	3,710	(304)	(8.2)
Hong Kong Property Rental and Management Businesses	3,821	4,169	(348)	(8.3)
Chinese Mainland and International Railway, Property Rental and Management Subsidiaries	1,198	1,223	(25)	(2.0)
Other Businesses, Project Study and Business Development Expenses	(450)	(364)	(86)	(23.6)
Share of Profit of Associates and Joint Ventures	787	1,340	(553)	(41.3)
Total Recurrent EBIT	8,762	10,078	(1,316)	(13.1)
Interest and Finance Charges	(1,032)	(1,070)	38	3.6
Income Tax	(1,196)	(1,503)	307	20.4
Non-controlling Interests	(245)	(295)	50	16.9
Recurrent Business Profit Attributable to Shareholders and Perpetual Capital Securities Holders	6,289	7,210	(921)	(12.8)
Perpetual Capital Securities	(636)	–	(636)	n/m
Recurrent Business Profit	5,653	7,210	(1,557)	(21.6)
Property Development Profit (Post-tax)				
Hong Kong	11,066	10,235	831	8.1
Chinese Mainland	18	30	(12)	(40.0)
Property Development Profit (Post-tax)	11,084	10,265	819	8.0
Underlying Business Profit	16,737	17,475	(738)	(4.2)
Loss from Fair Value Measurement of Investment Properties (Post-tax)				
Loss from Fair Value Remeasurement on Investment Properties	(3,538)	(3,821)	283	7.4
Gain from Fair Value Measurement of Investment Properties on Initial Recognition from Property Development	1,478	2,118	(640)	(30.2)
Loss from Fair Value Measurement of Investment Properties (Post-tax)	(2,060)	(1,703)	(357)	(21.0)
Net Profit Attributable to Shareholders of the Company	14,677	15,772	(1,095)	(6.9)
Total Recurrent EBIT Margin [#] (in %)	14.4%	14.6%		(0.2)%pt
Total Recurrent EBIT Margin [#] (excluding Chinese Mainland and International Subsidiaries) (in %)	19.5%	21.8%		(2.3)%pts

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

: Excluding share of profit of associates and joint ventures

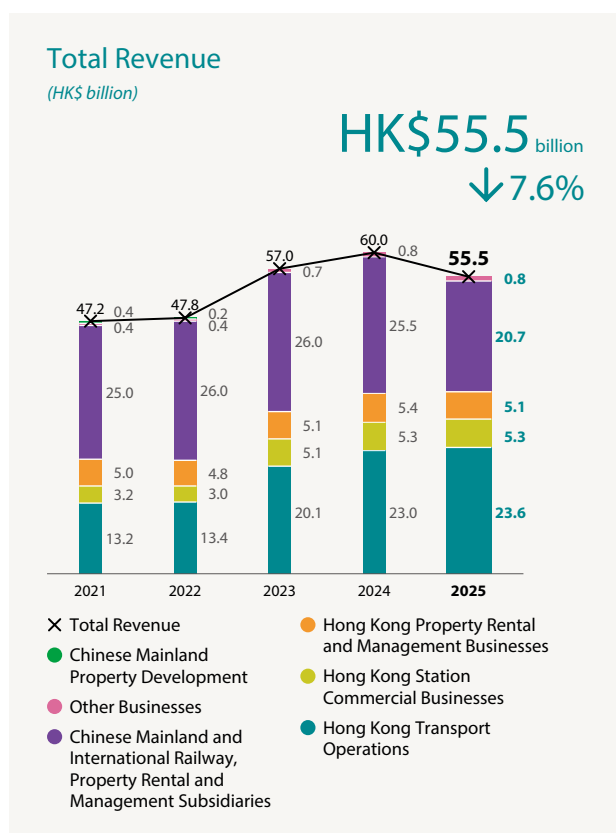
n/m : not meaningful

In 2025, improvements in Hong Kong patronage drove solid results for the Group's operating revenue, while our property development has made meaningful profit contribution, mainly derived from THE SOUTHSIDE packages 3 and 5, LOHAS Park Package 12 and Ho Man Tin Station packages 1 and 2. This solid performance will contribute greatly to our railway upkeep and network expansion programmes.

Total Revenue

The Group's total revenue, excluding our Chinese Mainland and international railway, property rental and management subsidiaries, was HK\$34,765 million in 2025, increased by 0.6% compared to 2024. This was mainly attributable to increased revenue in our Hong Kong transport operations, which was mainly driven by higher patronage in HSR and Cross-boundary services. Taking

into account the decrease in revenue contribution from our Chinese Mainland and international railway, property rental and management subsidiaries, which was mainly due to (i) handover of operations for the UK Elizabeth Line to the next operator in May 2025, (ii) reduced project revenue from our Melbourne operations, and (iii) decreased revenue from Sweden following the early termination of the Stockholms pendeltåg and Mälartåg concessions in 2024, total revenue decreased by 7.6% to HK\$55,465 million in 2025 compared to 2024.



Recurrent Business Profit

The Group reported a recurrent business profit attributable to shareholders and perpetual capital securities holders of HK\$6,289 million in 2025, compared to HK\$7,210 million in 2024. The decrease of HK\$921 million or 12.8% was mainly driven by (i) a decrease in share of profit of associates and joint ventures; (ii) revenue lost through adverse weather; (iii) higher depreciation with increased capital expenditure; and (iv) increased operating expenses, which included certain cost changes arising through timing effects. These adverse impacts were partly offset by higher revenue from our Hong Kong transport operations. After taking into account the profit attributable to

perpetual capital securities holders of HK\$636 million, recurrent business profit attributable to shareholders of the Company in 2025 was HK\$5,653 million, a decrease of HK\$1,557 million or 21.6%.

Total Recurrent EBIT by Businesses

The Group's total recurrent EBIT (including share of profit of associates and joint ventures as well as project study and business development expenses) was HK\$8,762 million in 2025, a decrease of HK\$1,316 million or 13.1% compared to 2024. Contributions from our respective businesses were as follows:

Hong Kong Transport Operations: Recorded an EBIT loss of HK\$254 million, and the loss was widened by HK\$191 million when compared to 2024. This was mainly attributable to (i) revenue lost through adverse weather; (ii) increased staff costs and maintenance expenses; and (iii) higher depreciation. These adverse impacts were partially offset by (i) growth in patronage on our HSR and Cross-boundary services, which were influenced by frequent two-way flow of travellers between Hong Kong and Chinese Mainland; and (ii) a decrease in general and administrative expenses as well as other expenses as a result of our continuous effort on cost control.

Hong Kong Station Commercial Businesses: EBIT decreased by HK\$113 million or 3.0% to HK\$3,660 million, which was mainly attributable to (i) overall negative rental reversion of 8.5% on renewals and new lets for other station kiosks; (ii) lower telecommunication revenue and lower advertising revenue contribution as a result of low market sentiment; and (iii) the refund of Government rent in 2024 not being repeated in 2025.

Hong Kong Property Rental and Management businesses: EBIT decreased by HK\$348 million or 8.3% to HK\$3,821 million in 2025. This was mainly due to (i) the overall negative rental reversion of 9.5% on renewals and new lets for shopping malls as a result of shifting consumption patterns by customers; and (ii) impact from one-off write-down of unamortised amount of rental concessions previously provided to cinemas in view of the challenges faced by the industry.

Chinese Mainland and International Railway, Property Rental and Management Subsidiaries: EBIT decreased by HK\$25 million or 2.0% to HK\$1,198 million in 2025. This was mainly due to initial operating losses of Shenzhen Metro Line 13 Phase I with initial section and full line opening in December 2024 and December 2025

The Year in Review

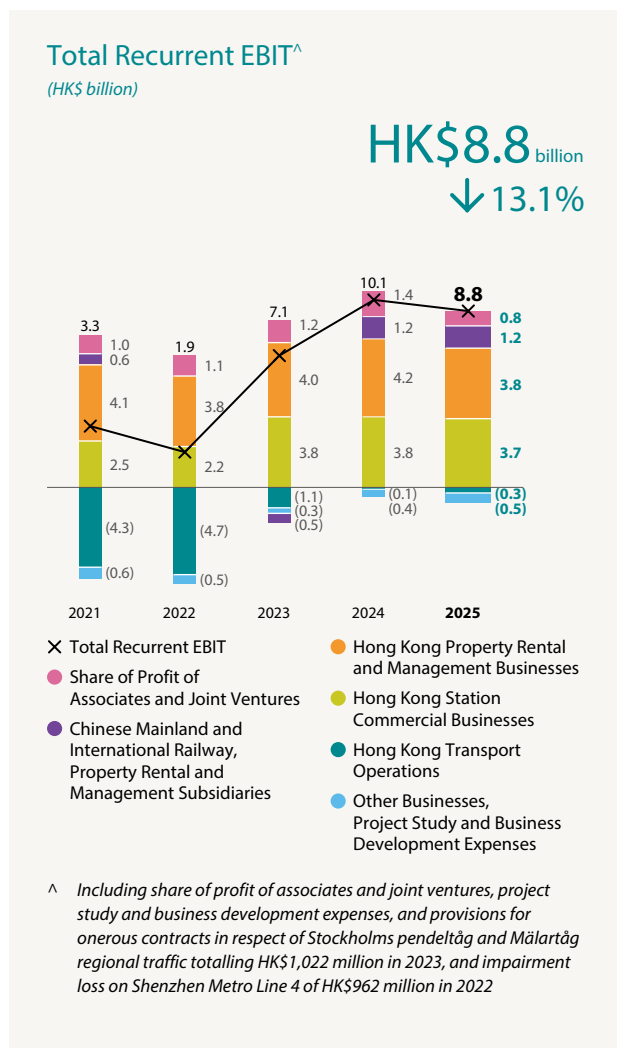
Financial Performance

respectively, compared to the one-time loss arising from the disposal of Ginza Mall operations in May 2024.

Other Businesses, Project Study and Business

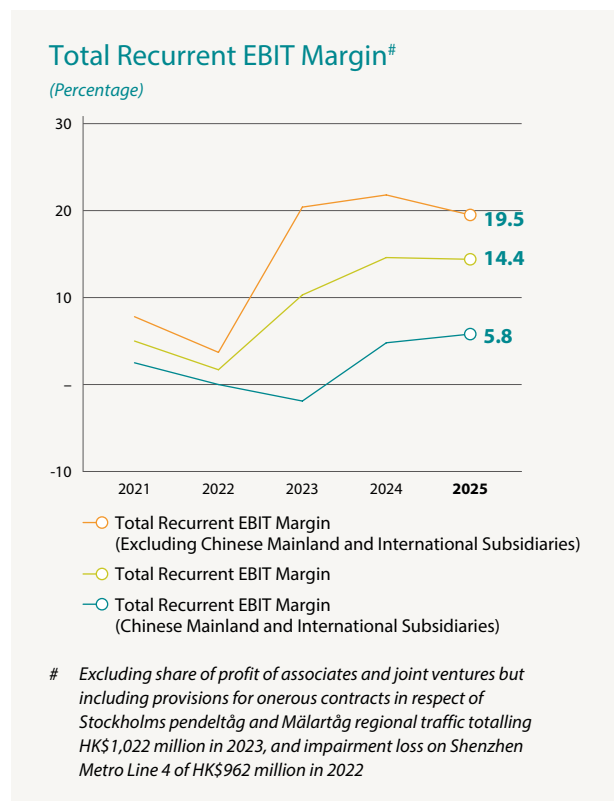
Development Expenses: EBIT loss was HK\$450 million, similar to 2024.

Share of Profit of Associates and Joint Ventures: Share of profit of associates and joint ventures dropped by HK\$553 million or 41.3%, to HK\$787 million in 2025. This was mainly due to the share of impairment loss of HK\$380 million in respect of the Hangzhou Metro Line 1 railway assets, which resulted from slow patronage growth and the lack of a patronage protection mechanism under the concession agreement as explained in the past. Excluding the share of impairment loss, share of profit of associates and joint ventures dropped by HK\$173 million or 12.9%, mainly due to soft performance from Hangzhou Metro Line 5.



Total Recurrent EBIT Margin

Due to the fifth wave of COVID-19 in Hong Kong and other outbreaks in Chinese Mainland, EBIT margins declined to 3.7% and 1.7% in 2022, before and after accounting for the impairment loss on Shenzhen Metro Line 4, respectively. In 2023, following the recovery from the pandemic and boundary re-opening, EBIT margins increased to 12.0% and 10.3% respectively, before and after accounting for the loss provisions on Stockholms pendeltåg and Mälartåg regional traffic in 2023. In 2024, following the gradual recovery from COVID-19 amid the challenging operating environment, EBIT margin increased to 14.6%. In 2025, EBIT margin slightly decreased to 14.4% reflecting higher operating costs and sluggish economic environment.



Interest and Finance Charges

Interest and finance charges for recurrent businesses were HK\$1,032 million in 2025, representing a 3.6% decrease compared to 2024, which was mainly driven by more interest income generated due to higher cash balance. A detailed review of the Group's financing activities is featured in the ensuing section.

Income Tax

Income tax expenses for recurrent businesses decreased by HK\$307 million or 20.4%, to HK\$1,196 million in 2025, which was mainly in line with the decrease in our recurrent business profit.

On 6 August 2024, the Inland Revenue Board of Review issued its decision (“the Board of Review Decision”) and disagreed with the deduction claims of the fixed annual payments and variable annual payments for the years of assessment from 2011/2012 to 2017/2018. It confirmed the relevant profits tax assessment/additional profits tax assessments in respect of the fixed annual payments and variable annual payments being non-tax deductible. On 4 September 2024, the Company lodged an application to the Court of First Instance of the High Court of the Hong Kong Special Administrative Region (“the Court of First Instance”) for leave to appeal against the Board of Review Decision. On 27 May 2025, the Court of First Instance handed down its decision and granted leave for the Company to appeal against the Board of Review Decision. The Company has conferred with external legal counsel and its tax advisor and the advice obtained is that the Company continues to have strong legal grounds to support its position. As such, the Company has proceeded with its appeal against the Board of Review Decision and no additional tax provision has been made. The hearing of the appeal before the Court of First Instance is scheduled to be held in early 2027. Further details are set out in note 16B to the Consolidated Financial Statements.

Property Development Profit (Post-tax)

The Group’s property development profit (post-tax) was HK\$11,084 million in 2025, increased by HK\$819 million. The profit was mainly derived from THE SOUTHSIDE packages 3 and 5, LOHAS Park Package 12 and Ho Man Tin Station packages 1 and 2.

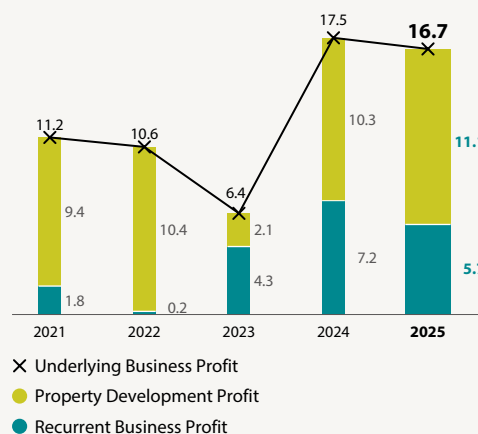
Underlying Business Profit

Underlying business profit decreased by HK\$738 million or 4.2% to HK\$16,737 million in 2025. This was mainly attributable to a decrease of HK\$1,557 million in recurrent business profit, which was partly offset by an increase of HK\$819 million in property development profit.

Underlying Business Profit

(HK\$ billion)

HK\$16.7 billion
↓4.2%



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

Loss from fair value measurement of investment properties was HK\$2,060 million in 2025. This represented (i) a loss of HK\$3,538 million from investment property fair value remeasurement, net of (ii) recognition of the remaining valuation gain from our sharing-in-kind investment property (i.e., THE SOUTHSIDE shopping mall) of HK\$1,478 million.

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\$14,677 million in 2025, a decrease of HK\$1,095 million or 6.9% compared to HK\$15,772 million in 2024.

The Year in Review
Financial Performance

CONSOLIDATED FINANCIAL POSITION

HK\$ million	At	At	Inc./(Dec.)	
	31 December 2025	31 December 2024	HK\$ million	%
Fixed Assets	245,704	243,190	2,514	1.0
Railway Construction in Progress	17,879	11,375	6,504	57.2
Property Development in Progress	43,054	42,300	754	1.8
Interests in Associates and Joint Ventures	13,614	13,039	575	4.4
Investments in Securities	7,276	1,952	5,324	272.7
Debtors and Other Receivables	13,562	15,780	(2,218)	(14.1)
Cash, Bank Balances and Deposits	44,242	27,886	16,356	58.7
Other Assets	13,607	11,977	1,630	13.6
Total Assets	398,938	367,499	31,439	8.6
Total Loans and Other Obligations	88,923	77,568	11,355	14.6
Creditors and Other Liabilities	66,855	77,663	(10,808)	(13.9)
Obligations Under Service Concession	9,886	9,969	(83)	(0.8)
Deferred Tax Liabilities	16,879	16,166	713	4.4
Total Liabilities	182,543	181,366	1,177	0.6
Net Assets	216,395	186,133	30,262	16.3
<i>Represented by:</i>				
Total Equity Attributable to Shareholders of the Company	192,215	185,625	6,590	3.6
Perpetual Capital Securities	23,496	–	23,496	n/m
Non-controlling Interests	684	508	176	34.6
Total Equity	216,395	186,133	30,262	16.3

n/m: not meaningful

The Group's total assets increased by 8.6% to HK\$398,938 million. This was mainly attributable to the increase in (i) cash, bank balances and deposits after the issuance of perpetual capital securities in June 2025, (ii) railway construction in progress resulting from developments of our new railway projects, and (iii) investments in securities due to the subscription of bank medium-term notes, partly offset by decreases in debtors and other receivables

balance as a result of settlements in relation to property development receivables.

Total liabilities increased by 0.6% to HK\$182,543 million, mainly due to net drawdown of loans, which was offset by the decrease in deferred income from various property development projects as the related income was recognised in the consolidated profit or loss in 2025.

As a result, the Group's net assets increased by HK\$30,262 million or 16.3% to HK\$216,395 million.

CONSOLIDATED CASH FLOWS

HK\$ million	Year ended 31 December	
	2025	2024
Net Cash Generated from Operating Activities	11,874	18,491
Net Receipts from Property Development	10,833	1,748
Fixed and Variable Annual Payments	(3,775)	(3,105)
Capital Expenditure	(19,594)	(19,416)
Other Net Cash Outflow from Investing Activities	(4,452)	(244)
Net Cash Used in Investing Activities	(16,988)	(21,017)
Net Drawdown of Debts, Net of Lease Rental and Interest Payments	6,425	16,928
Net Proceeds from Issuance of Perpetual Capital Securities	23,472	–
Distributions Paid to Perpetual Capital Securities Holders	(612)	–
Dividends Paid to Shareholders of the Company	(8,155)	(7,946)
Other Net Cash Outflow from Financing Activities	(219)	(479)
Net Cash Generated from Financing Activities	20,911	8,503
Effect of Exchange Rate Changes	559	(466)
Net Increase in Cash, Bank Balances and Deposits	16,356	5,511
Cash, Bank Balances and Deposits as at 1 January	27,886	22,375
Cash, Bank Balances and Deposits as at 31 December	44,242	27,886

Net Cash Generated from Operating Activities

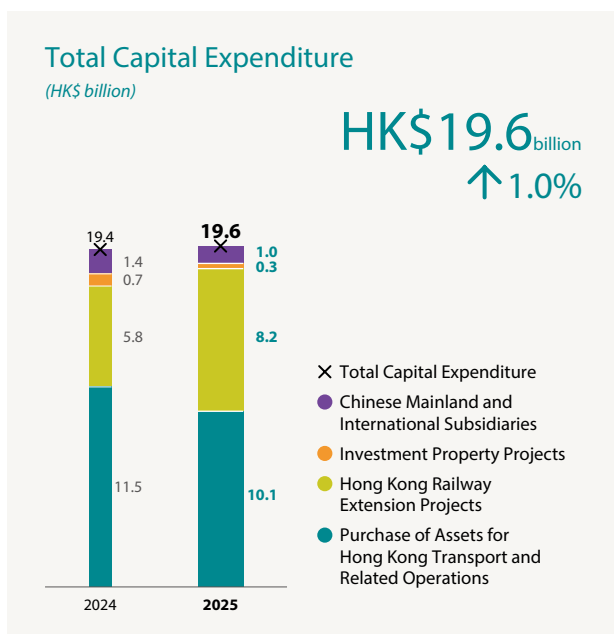
Net cash generated from operating activities dropped by HK\$6,617 million to HK\$11,874 million in 2025 from HK\$18,491 million in 2024, mainly attributable to (i) increase in tax paid in 2025 for our Hong Kong property development profit booked in 2024 and (ii) payments to creditors following the handover of operations for the UK Elizabeth Line in 2025.

Net Receipts from Property Development

Net receipts from property development were HK\$10,833 million, comprising (i) cash receipts of HK\$13,729 million mainly from various packages in relation to LOHAS Park, THE SOUTHSIDE and Ho Man Tin Station, and Tuen Mun A16 Station, which were partly offset by (ii) property development in progress of HK\$2,896 million mainly for Oyster Bay project.

Capital Expenditure

In 2025, capital expenditure amounted to HK\$19,594 million. This comprised (i) HK\$10,115 million for investments in additional assets such as station renovation works, new trains and signalling systems for existing Hong Kong railways and related operations; (ii) HK\$8,191 million for Hong Kong railway extension projects; (iii) HK\$947 million for Chinese Mainland and overseas subsidiaries such as Shenzhen Metro Line 13; and (iv) HK\$341 million for investment properties additions and fitting out works.



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

In 2025, net drawdown of debts, net of lease rental and net interest payments was HK\$6,425 million comprising (i) proceeds of HK\$63,087 million from loans and capital market instruments, offset by (ii) repayment of HK\$55,719 million mainly relating to loans; and (iii) net interest payment of HK\$943 million.

Dividends Paid to Shareholders of the Company

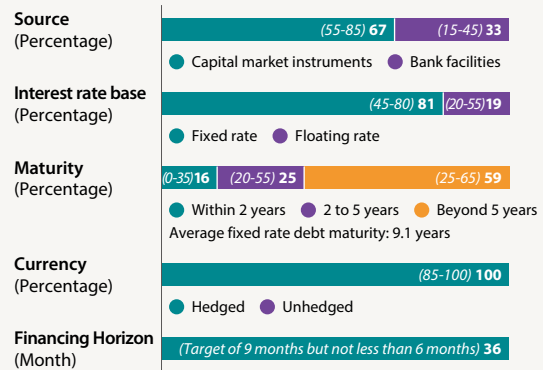
The Group paid dividends of HK\$8,155 million (2024: HK\$7,946 million) in cash, being the 2024 final dividend of HK\$0.89 per share and the 2025 interim dividend of HK\$0.42 per share.

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 2025



The Year in Review

Financial Performance

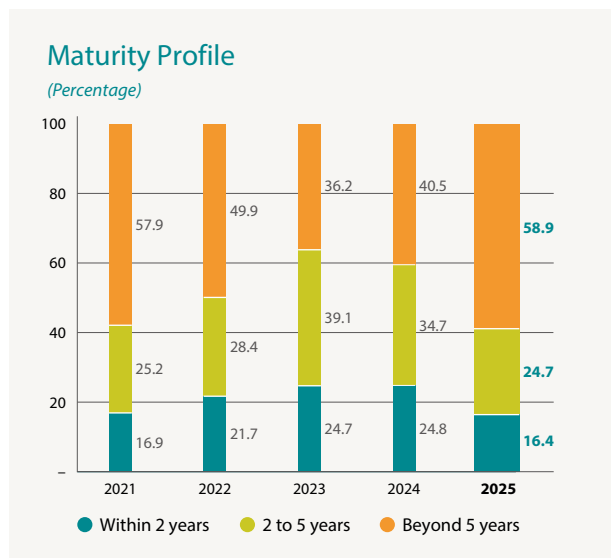
Equity and debt capital markets in Hong Kong operated in a smooth and orderly manner throughout 2025 amidst a stable local economic environment. HKD interbank rates predictably continued to generally track their USD counterpart rates under the mechanism of Hong Kong's Linked Exchange Rate System to the US dollar as the U.S. Federal Open Market Committee of the Federal Reserve has cut interest rate three times since September 2025, resulting in a target range for the federal funds rate of 3.50% – 3.75% by year end.

During 2025, the Company continued its prudent financial management approach to realise diversified sources of external funding to support the Company's forward-looking capital expenditure needs that include new railway projects, railway maintenance and renewal. As such, the Company arranged a total of HK\$83.4 billion equivalent of external funding that comprised the issuance of a HK\$23.4 billion USD public bond in March and HK\$23.4 billion USD public perpetual capital securities in June, in addition to HK\$1.9 billion through privately placed bonds with institutional investors. Furthermore, in September, we arranged a HK\$30 billion seven-year syndicated green loan whilst also adding HK\$4.8 billion in bilateral bank credit facilities.

The Company's inaugural issuance of perpetual capital securities adds hybrid capital to our capital structure which is eligible for equity treatment in the Group's accounts. The Group's consolidated gross debt position at the end of December 2025 was HK\$88.9 billion, with a cash and deposit balance of HK\$44.2 billion and undrawn committed facilities of over HK\$51.1 billion. The weighted average cost of the Group's interest-bearing borrowings over the year was 3.5 % p.a. compared with 3.7% p.a. in 2024.

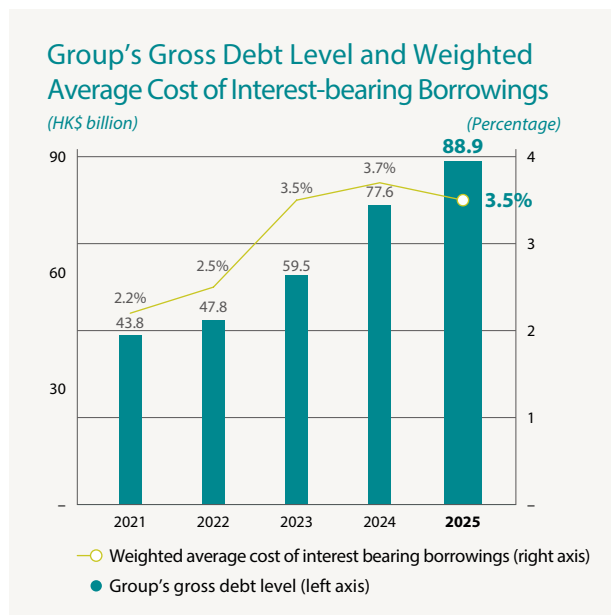
Maturity Profile

The Company diversifies refinancing risks by spreading the maturities of borrowings. At the end of 2025, 16.4%, 24.7% and 58.9% of borrowings will mature within 2 years, in 2 to 5 years and beyond 5 years, respectively.



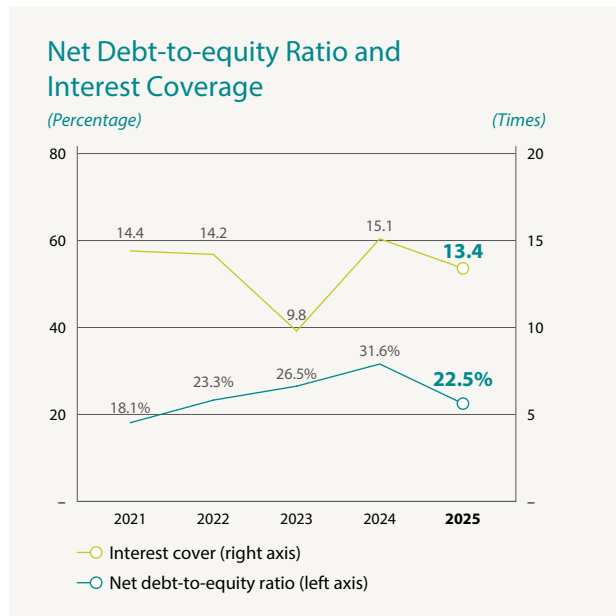
Gross Debt and Cost of Borrowing

The Group's consolidated gross debt position increased to HK\$88,923 million as at year-end 2025 from HK\$77,568 million at year-end 2024. The weighted average cost of the Group's interest-bearing borrowings decreased to 3.5% p.a. in 2025 from 3.7% p.a. in 2024.



Net Debt-to-equity Ratio and Interest Coverage

The Group's gearing ratio, as measured by net debt-to-equity ratio was reduced to 22.5% as at 31 December 2025 from 31.6% as at 31 December 2024. The Group's interest cover decreased to 13.4 times in 2025 from 15.1 times in 2024.

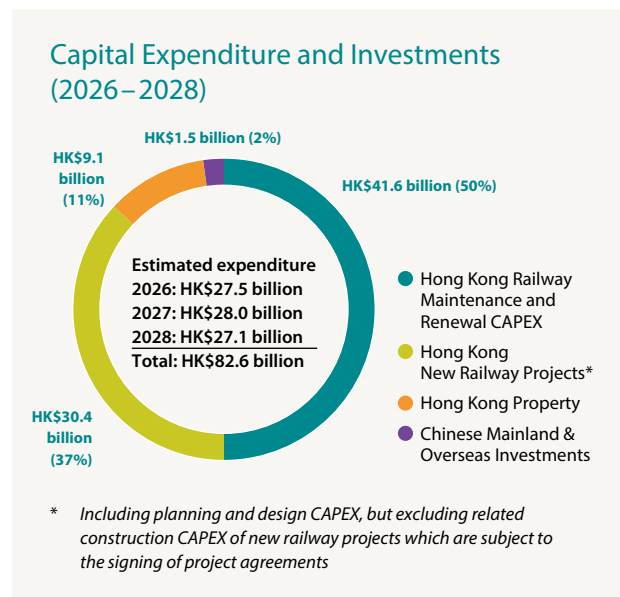


Capital Expenditure and Investments

The Group's capital expenditure and investments can be categorised into the following: Hong Kong railway projects (further classified into maintenance work for existing railways and new projects), Hong Kong property investments and development, and Chinese Mainland and overseas investments. Total spending from 2026 to 2028 is estimated at around HK\$82.6 billion.

Capital expenditure on Hong Kong railway projects will continue to constitute a significant portion of capital expenditure in 2026 – 2028, following the signing of project agreements for the Oyster Bay project, the Tung Chung Line Extension, the Tuen Mun South Extension, Kwu Tung Station and Hung Shui Kiu Station. The capital works expenditure and the funding terms of any other projects can only be ascertained after entering into the relevant project agreements with Government.

The Group believes that based on its cash, bank balances and deposits of HK\$44.2 billion, total available committed banking facilities of more than HK\$51.1 billion as at 31 December 2025, 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.



Credit Ratings (as of 12 March 2026)

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