

CHAIRMAN'S LETTER



Dear Shareholders and other Stakeholders,

It is a pleasure to share my thoughts on the highlights of the first six months of the year and what the future holds for MTR Corporation.

When I assumed the role of Chairman of the Board in 2019, I found myself immensely impressed by the leaders, managers and frontline staff who drive MTR and keep the city moving. These individuals and their predecessors have all been 100 percent committed to providing world-class railway transport for the billions of passengers the Company has served over the years, no matter the challenges or circumstances. Thanks to their heroic and tireless efforts, MTR has become a leader in mass transit whose expertise is sought all over the world. Meanwhile, the MTR brand has come to represent more than a mere railway operation, but instead a central player in our city's growth story and a corporate citizen dedicated to creating social value by helping communities, their families and businesses thrive.

The beginning of 2025 found MTR and its people hard at work on Hong Kong's next phase of infrastructure development, which includes a full slate of railway projects strategically designed to fuel economic and community growth. The Company has already committed about HK\$140 billion towards advancing these projects. Initiatives include an array of new lines and stations that will enhance connectivity throughout Hong Kong, strengthen links with neighbours in the Greater Bay Area, and create plentiful opportunities for residential and commercial developments to flourish around new transport hubs. We are proud to be investing in the city's infrastructural framework of the future and helping spur its economy for generations to come.

One cannot overstate the importance of MTR's "Rail plus Property" business model (often referred to as the "R+P Model") to making endeavours like these possible. It enables us to build vibrant new communities centred on convenient railway transport links. Under the R+P Model, MTR invests its own funds in new railway projects, eventually to be repaid through the development profits generated by the sale of development rights on land allocated by Government to each new project. In addition to generating social and business value, this model also helps finance our ability to maintain and upgrade our existing trains, railway stations and other assets that are crucial to our core mission to Keep Cities Moving. In fact, we pledged HK\$65 billion covering the years 2023 – 2027 for a comprehensive asset maintenance and renewal programme that would upkeep the conditions of our ageing assets and bolster already high levels of safety, efficiency and reliability.

Financially, MTR is determined to operate to the highest prudent principles. This applies to financial governance and control, as it does to the importance we attach to the strength of our balance sheet and our credit ratings. Furthermore, we recognise that at this time of investment and growth, we need a new and innovative approach. We will balance our usual prudent approach with an openness to novel financing opportunities and with a desire to drive growth for MTR

and Hong Kong in a manner that delivers value for all our stakeholders. With this in mind, in the first half of this year we concluded two groundbreaking transactions, raising a total of US\$6 billion towards the funding of our network expansion.

The first of these was a US\$3 billion bond issuance. This was the Company's largest public bond issuance to date and included a 30-year tranche of US\$1.5 billion, the largest 30-year USD bond issuance from a Hong Kong corporate in over 20 years. This transaction shows our commitment to long-term investment in long-term projects, such as the various railway projects now ahead of us. The second transaction was our inaugural issuance of subordinated perpetual securities, which, at a total size of US\$3 billion, constitutes the largest ever corporate issuance of such securities from Asia ex-Japan. Implementation of this second transaction allowed us to introduce a new tier of hybrid capital into our capital structure, on a long-term basis, enabling us to commit to the works ahead while simultaneously demonstrating our prioritisation of sound financial management. The transactions are solid proof of our on-going preparations to serve all our stakeholders by delivering the growth plan ahead.

Together, these transactions will give us the added capacity and flexibility to carry out our capital works and asset management programmes and continue providing Hong Kong with safe, accessible, efficient and environmentally friendly public transport for decades to come. The overwhelmingly positive response from local and global institutional investors also strongly reflects the market's confidence in MTR and the Company's ability to continue delivering first-rate railway infrastructure.

The most rewarding opportunities often arise from the biggest challenges. We take our role in Hong Kong's development very seriously, and we are excited to carry it out with characteristic professionalism as the city heads full steam into the future. In addition to practising strong fiscal prudence, we will continue to draw from our Corporate Strategy, which emphasises the adoption of innovation and technology throughout our business.

The research, adoption, adaptation and application of innovation and technology certainly serve to derive new solutions that reinforce our high standards in safety and passenger experience as well as project delivery. Along our innovation journey also lie potential opportunities for efficiency growth, new services and commercialisation. We will also keep approaching all aspects of our business through the lens of our robust environmental, social and governance ("ESG") framework for the environmental and social benefit of all, providing our services to people from all walks of life in the most sustainable manner possible. MTR is ready to lend the full weight of its know-how, experience and newly bolstered resources to move forward confidently with Hong Kong and achieve even greater successes.

BUSINESS PERFORMANCE AND GROWTH

MTR strives to deliver its high-quality public transport services in the safest, most efficient manner possible. This commitment to excellence has enabled the Company to continue to achieve outstanding safety and on-time performance levels despite operating one of the busiest networks anywhere. Our HK\$65 billion asset maintenance, upgrade and replacement programme is an example of our constant work to improve. We also "Go Smart Go Beyond" by incorporating the latest railway advancements – including many that employ AI and big data technology – to enhance the quality and dependability of our services. We continue to enhance our capability in managing and rectifying incidents in the event that they do occur. During the period under review, these wide-ranging efforts to update and innovate contributed greatly to our network management and expansion programmes and will also be instrumental in supporting Hong Kong's long-term strategic planning and development.

In July, we signed the Northern Link (Part 1) Project Agreement with Government for the financing and construction of parts of the Northern Link Main Line while also commencing the detailed planning and design of the Northern Link Spur Line. The Northern Link will be the main artery moving passengers through the Northern Metropolis, one of the most important economic development engines for Hong Kong leveraging the

advantages of the Greater Bay Area. The first half of this year also saw us make strong progress on a host of other important initiatives including Oyster Bay Station, the Tung Chung Line Extension, Kwu Tung Station, the Tuen Mun South Extension and Hung Shui Kiu Station.

Under MTR's R+P Model, much of the profit reinvested into future railway network development is directly derived from the Company's property development projects, many of which continued to progress over the first half of 2025. We recognised property development profit from a number of packages at Ho Man Tin Station and THE SOUTHSIDE, while presale activities launched for three new property developments. Overall, our residential property projects in progress are expected to provide approximately 9,000 units to Hong Kong's housing market.

We also continue to seek new opportunities to grow MTR's business and brand outside of Hong Kong, including the rest of the Greater Bay Area, Mainland China and overseas. We marked the first full six-month period of operations for the initial section of Phase 1 of Shenzhen Metro Line 13, while in Australia we remain hard at work on the southwest section of the Sydney Metro M1 Metro North West & Bankstown Line. In the UK, we handed over operations of the Elizabeth line and South Western Railway in May.

FINANCIAL PERFORMANCE

In the first half of 2025, profit attributable to equity shareholders from recurrent businesses decreased to HK\$3,391 million when compared to the same period last year, mainly due to lower contributions from our Hong Kong businesses, which were impacted by increased operating costs. Together with property development profit of HK\$5,542 million, profit arising from underlying businesses was HK\$8,933 million, representing a 55.0% increase compared to the first six months of 2024.

Including the loss arising from fair value measurement of investment properties of HK\$1,224 million, net profit attributable to shareholders of the Company increased by 27.5% year on year to HK\$7,709 million, representing earnings per share of HK\$1.24. Your Board has declared an interim dividend of HK\$0.42 per share, same as the first six months of 2024.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

MTR's ESG framework defines the community benefits we seek to attain in the course of our everyday mission to Keep Cities Moving. For 2025, we have set 45 ESG-related key performance indicators to guide our actions in 10 focus areas covering our three primary environmental and social objectives of reducing Greenhouse Gas Emissions, promoting Social Inclusion, and fostering Advancement & Opportunities.

As a world leader in low-carbon transport services that are readily accessible to people from all walks of life, we continue to progress in integrating ESG principles into our businesses. We now have 10 electric buses in passenger service, and 25 more are to be delivered between the remainder of this year and next. In the first half of 2025, 178 volunteering projects involving a total participating headcount of 2,334 volunteers were organised under the "More Time Reaching Community" Scheme to help society. We also continued our programme to provide on-the-job training for youths from ethnically diverse backgrounds and/ or those with disabilities and launched a new scholarship scheme for students who have passion for community service and keen interest in the railway sector. We are also committed to promoting inclusivity and diversity among our employees.

As a leading public transport provider and blue-chip listed company, we strive to meet or surpass global standards of corporate governance, ethics and transparency for the benefit of our many shareholders and stakeholders.

ACKNOWLEDGEMENTS AND APPRECIATION

I would like to take this opportunity to recognise the vast accomplishments of our current CEO, Dr Jacob Kam, who will conclude his tenure on 31 December 2025. Dr Kam oversaw MTR's operations during a period when the Company completed several important projects both at home and abroad, including major railways and extensions, residential and commercial properties, and major asset replacements. He was also instrumental in guiding MTR through the challenges of the pandemic and leading the Company to enter a new period of railway

network growth and digital transformation. Following a global search, the Board has appointed Ms Jeny Yeung, currently Managing Director – Hong Kong Transport Services of MTR Corporation, to be the new CEO with effect from 1 January 2026. Her strong experience at MTR, spanning transport services, commercial development, customer experience, digital transformation and more, will be invaluable as the Company moves forward into an exciting new era.

I would also like to take this opportunity to welcome Ms Susanna Shen Shuk-ching as an Independent Non-Executive Director ("INED") of the Board, effective 21 May 2025. In addition, I would like to thank Mr Walter Chan Kar-lok, who retired as an INED on 21 May 2025, for his valuable contributions to the MTR Board during his tenure.

The success of Hong Kong is not the result of any one individual's efforts, but rather the collective dedication of many, most notably the tens of thousands of MTR staff members who all deserve recognition. Over the past six years, I have witnessed their unwavering commitment and persistence, and I felt honoured to be part of this team. Their tireless work has shaped MTR into what it is today. I would like to take this opportunity to extend my heartfelt appreciation to every team member whose outstanding contributions have made a meaningful impact on both the company and the community of Hong Kong.

We are very much looking forward to continuing our participation in the Hong Kong story, and the next chapter has only just begun. Backed by our unsurpassed railway expertise and extensive track record, as well as our strive for sustainable financial strength, we are confident in our ability to move forward with Hong Kong and achieve continued mutual success.



Dr Rex Auyeung Pak-kuen
Chairman
Hong Kong, 14 August 2025