

CEO'S REVIEW AND OUTLOOK



Dear Shareholders and other Stakeholders,

The first six months of 2025 proved to be an eventful time that saw MTR take meaningful steps forward in its expanding capital works programme, while rising patronage figures drove solid results for the Company's operating revenue. We continued to achieve strong levels of safety and efficiency despite running services at ever greater frequency. We also remained committed to innovation and technology as a means to enhance our operations – including our railway maintenance, customer experience and also project construction initiatives – while adhering to the high environmental, social and governance standards that are expected of a world-class mass transit company.

Of particular note is the encouraging progress we have made in our preparations to deliver Hong Kong's future railway infrastructure. This exciting but challenging task involves the construction of new lines, extensions and stations in accordance with both the Railway Development Strategy 2014 and Hong Kong Major Transport Infrastructure Development Blueprint, initiatives designed by Government to enhance Hong Kong's rail network, catalyse new communities and integrate the city more closely with the economy of the Greater Bay Area. MTR has committed about HK\$140 billion towards the fulfilment of these projects. As we have previously reported, the Company has also earmarked HK\$65 billion for the upgrading, replacement and maintenance of its existing railway assets. The investment spans a five-year period from 2023 to 2027, though efforts to upkeep its assets will for sure continue beyond this dedicated allocation.

In periods of significant rail network growth, MTR's "Rail plus Property" business model does much of the heavy lifting by enabling the Company to build residential and commercial projects along new rail lines and then apply a portion of the resultant development profit towards funding new railway infrastructure. We will also continue to explore and draw from global capital markets to further bolster our ability to meet the financial demands of our large-scale infrastructure programmes to build for Hong Kong and power the Company's future growth. In the first half of 2025, we carried out two public securities issuances in support of this goal. In March, we successfully priced a US\$3 billion public senior bond offering, our largest public bond issuance to date and the largest 30-year US dollar bond issue from a Hong Kong corporate issuer in more than two decades. In June, we raised another US\$3 billion through our inaugural dual-tranche corporate subordinated perpetual securities offering, the biggest of its kind ever issued in Asia outside of Japan. It also achieved the highest issue ratings ever for this funding format, reflecting market recognition of MTR's pivotal role in Hong Kong infrastructure. These transactions demonstrate our level of preparedness for and commitment to meeting Hong Kong's growth needs, developing vibrant new communities and providing social value for residents from all walks of life.

Meanwhile, we continue to prepare for the substantial planning works that this new phase of railway development entails, which include managing the impacts on existing railway operations and surrounding communities while, at the same time, proceeding with construction at full speed so as to support Hong Kong's future development and facilitate further integration into the national network. On 8 July 2025, the Company entered into the Northern Link (Part 1) Project Agreement with Government. This agreement covers the construction of parts of the Northern Link Main Line, which, when completed, will be a key component of the public transport backbone of Hong Kong's future Northern Metropolis. It also covers the detailed planning and design of the Northern Link Spur Line, which is to be a cross-boundary bifurcation of the Northern Link connecting the metro networks of Hong Kong and Shenzhen through Huanggang Port. To achieve the commissioning of both the Main Line and Spur Line no later than 2034, Part 1 will proceed first to facilitate early commencement of works. This demonstrates that the Company is fully committed to supporting innovative Government policies that optimise and streamline procedures while leveraging local, Mainland and overseas technologies to expedite project works and support rapid regional development.

Foresight, innovation, prudence and strong governance are hallmarks of MTR, and they will continue to play central roles as we navigate this critical stage in Hong Kong's development. Whatever Hong Kong's needs, MTR is ready to deliver on its mission to Keep Cities Moving.

BUSINESS PERFORMANCE AND GROWTH

MTR once again achieved 99.9% in passenger journeys on-time and train service delivery for its heavy rail network in Hong Kong over the first six months of 2025. We also continued to "Go Smart Go Beyond" by enhancing our customer service, operations and maintenance with innovative and smart technologies, aiming to improve safety, efficiency and passenger experience.

In March 2025, we announced that MTR fares will remain unchanged in 2025/2026, in line with the results of the Fare Adjustment Mechanism ("FAM") and demonstrating the FAM's ability to cater for public affordability. The calculated fare adjustment rate of +1.45% will be rolled over to 2026/2027, while the total rate of +1.91% to be recouped in 2025/2026 will also be carried forward to 2026/2027. Meanwhile, we continue to offer a range of concessions for passengers from all walks of life, making our railway services even more affordable for members of the public.

In our property business, we currently have 10 residential projects in the pipeline that will bring approximately 9,000 housing units to the market. Elsewhere, pre-sales continue for several properties in communities across the city, including packages at LOHAS Park and THE SOUTHSIDE.

MTR strives to "Go Beyond Boundaries" in its efforts to deliver high-quality new railway projects serving existing and emerging communities across Hong Kong. Apart from signing the Northern Link (Part 1) Project Agreement with Government in July 2025, construction also continued for Oyster Bay Station, the Tung Chung Line Extension, Kwu Tung Station on the East Rail Line, the Tuen Mun South Extension and Hung Shui Kiu Station.

Over the first half of the year, we continued to pursue new opportunities in our Mainland China and international businesses, which together form a growth pillar for the Company and a valuable channel for promoting MTR's railway industry leadership outside of Hong Kong. In our existing businesses, after the opening of the initial section of Shenzhen Metro Line 13 Phase 1 in December 2024, construction continued to progress for other sections of Shenzhen Metro Line 13 as well as the middle section of Beijing Metro Line 17. In the United Kingdom, we completed the handover of the Elizabeth line and South Western Railway to the next operators in May 2025. Meanwhile, in our Australian railway business, work continued to progress on the southwest section of the Sydney Metro M1 Metro North West & Bankstown Line, which is due to open in 2026.

FINANCIAL PERFORMANCE

Profit attributable to equity shareholders from recurrent businesses was HK\$3,391 million in the first half of 2025 compared with the HK\$4,024 million that was recorded over the same period last year. This was mainly due to lower contributions from Hong Kong businesses, which were impacted by increased operating costs. Since we are now in the harvesting stage of our earlier property development projects, the period under review also saw higher property development profit of HK\$5,542 million. As a result, profit from underlying businesses increased by 55.0% to HK\$8,933 million. Including the loss arising from fair value measurement of investment properties (a non-cash accounting item) of HK\$1,224 million, net profit attributable to shareholders of the Company increased by 27.5% 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.

OUTLOOK

We are moving prudently but confidently into the second half of the year, fully intent on helping Hong Kong achieve its aspirations for sustainable future growth. In the more than 45 years that MTR has been serving the city, it has established an enviable track record of quality railway network development. We look forward to extending the railway network via the many current initiatives under the Railway Development Strategy 2014 and Hong Kong Major Transport Infrastructure Development Blueprint. We stand ready to "Go Beyond Boundaries" to support Government's new initiatives, delivering world-class new railways in Hong Kong while adhering to prudent cost control and robust financial management. We will also continue to seek growth opportunities in Mainland China and overseas that align with our Corporate Strategy and enable us to build the MTR and Hong Kong brands internationally.

In the meantime, the world is still dealing with geopolitical and macroeconomic uncertainties that continue to influence key measurement parameters like inflation and interest rates. MTR's patronage has been steadily climbing since the pandemic – particularly High Speed Rail and Cross-boundary Service – but the success of our railway operations remains dependent to some extent on the health of the local and regional economies. Patronage may also be affected by aging demographics and evolving travel patterns such as the rising popularity of northbound travel by Hong Kong residents on weekends and holidays, the slow recovery of visitor arrivals, less nighttime traffic, and the continuation of work-from-home arrangements.

The Hong Kong retail sector has yet to fully recover from the effects of the pandemic on the local operating environment. In this new normal – characterised by increased northbound travel among local residents seeking cost-effective holidays as well as changing spending patterns among Mainland Chinese visitors – we are striving to adapt with the times and technologies, leveraging our popular MTR Mobile app as well as our growing capabilities in areas such as digital, social and offline-plus-online marketing to drive foot traffic and sales. We also continue to launch targeted, loyalty-driven sales campaigns and seasonal promotions in liaison with our station and mall tenants, regularly reviewing our retail mix to ensure it is on trend. Advertising revenue will continue to be dictated by advertiser appetite for spending in this current period of sluggish consumer sentiment.

In our property business – a key driver of our Rail plus Property strategy – we expect to tender Tung Chung East Station Package 2 and Tuen Mun A16 Station Package 1 in the coming 12 months or so depending on market conditions. We have also applied for pre-sale consent for THE SOUTHSIDE Package 6. Subject to the progress of construction and sales, we expect to book property development profit from LOHAS Park Package 12 and to continue booking profit from THE SOUTHSIDE Package 5 in the second half of the year. The state of the global and local economies and interest rate trends will continue to influence the future performance of this segment.

Finally, I want to take this opportunity before my term as Chief Executive Officer finishes at the end of 2025 to sincerely thank Chairman, the Board and everyone at MTR Corporation for their trust and support. It has been a pleasure working alongside such talented, dedicated and professional colleagues and to serve the people of Hong Kong, Mainland China and around the world for so many years. Since first joining the Company in 1995, I have had the honour of taking part in its remarkable growth story, including its public listing, the Rail Merger, and the completion of 27 railway projects in Hong Kong and globally. Furthermore, the Company endured difficult times such as the COVID pandemic, during which we kept up critical transport services, protected jobs, provided rent relief to our shop tenants and business partners, and maintained our fiscal strength and discipline. It has also been a delight to have been able to lead the Company into a new growth period with six new railway projects and into an era of innovation- and technology-enabled business progress. These cherished experiences will never be forgotten. I also want to congratulate Ms Jeny Yeung, who will assume the role of CEO on 1 January 2026. I wish Jeny every success in this challenging but exciting role. She has served MTR for more than 25 years, and her experience and passion will be invaluable as the Company sets a course to Keep Cities Moving over this next critical phase of infrastructure development and beyond.



Dr Jacob Kam Chak-pui
Chief Executive Officer
Hong Kong, 14 August 2025