Chairman's Letter

Dear Shareholders and other Stakeholders,

I am pleased to share that MTR achieved a productive and encouraging first six months of 2026 as the Company worked with great purpose and diligence to build Hong Kong's railway network of the future while once again providing exceptional transport services for millions of passengers and delivering strong value for shareholders. Our core businesses remained resilient, enabling us to protect and grow our recurrent revenue despite a stubbornly uncertain macroeconomic environment. We continued to support our vital railway construction and asset management programmes through high-quality transit-oriented property development and strong access to capital market funding. We have also set in motion a comprehensive five-year plan designed to further evolve our organisation through commitments to advanced technology and sustainable growth that will benefit the Company and Hong Kong as a whole.

MTR is making significant financial investments in several new railway projects. We are particularly honoured and excited to be taking part in the development of the vast Northern Metropolis, which is expected to strengthen Hong Kong's strategic position as an international innovation and technology ("I&T") hub, create new jobs, and foster cross-boundary economic integration. Late last year, we began work on the Northern Link, which will serve as the area's primary transport artery. This project presents enormous opportunities for us to contribute to the infrastructure and urban landscape of one of Government's biggest and most strategically important development initiatives. While the Northern Link represents the largest infrastructure development undertaking in MTR's history, it is not the first time we have been entrusted with delivering an essential railway of great scale and importance. We are up to the task, as signified by the confidence and diversity of global credit investors that participated in three separate green bond issuances during this period in support of our use of proceeds to design, construct and operate world-class, environmentally friendly mass transit networks. The green bonds' issuances, equivalent to a total of HK$56.5 billion denominated in Australian dollars, Hong Kong dollars and Euros, underline the prudent financial planning and management, experience, know-how, and innovation that have become synonymous with MTR in support of our aim to ensure the timely, on-budget delivery of the Northern Link and other crucial railway lines across the city.

Elsewhere, we are working hard to drive recurrent revenue – an important source of earnings as well as funding for on-going asset maintenance and upgrade programmes – and diversify our business streams in the domestic, Chinese Mainland and international markets. Earlier this year, we welcomed Government's announcement of the Transport Strategy Blueprint, which outlines the development of railway projects under the "Eight Vertical and Eight Horizontal Corridors" layout, smart railways, and "Transport Interchange Hubs" to enhance railway transfer connectivity and further encourage the use of environmentally friendly rail transit. As always, we stand ready to offer our full support for local and national development initiatives that push transport infrastructure forward while providing mutually beneficial growth opportunities.

Our five-year plan outlines the central role I&T will play in our efforts to achieve efficient railway delivery and asset management while building an agile, AI-fluent workforce that is ready to tackle the challenges of tomorrow. Highlights of this commitment in action include winning the prestigious "World Intellectual Property Organisation National Award for Inventors" at the International Exhibition of Inventions Geneva and launching the Capital Works Integration Lab, which enables large-scale off-site testing of electrical and mechanical systems through a virtual station environment.

We strive to be a trusted organisation that grows and evolves together with its communities. I believe I can speak for everyone at the Company when I express my confidence that the steps we have been taking in recent months and years have us firmly on pace to deliver Hong Kong's networks of the future and Keep Cities Moving.

BUSINESS PERFORMANCE AND GROWTH

Over the first six months of the year, MTR continued to "Go Beyond Boundaries" in railway design, construction and maintenance to support Hong Kong's long-term strategic planning and development. We have committed HK$140 billion towards our new railway projects – the Tung Chung Line Extension, Oyster Bay Station, the Tuen Mun South Extension, Kwu Tung Station on the East Rail Line, Hung Shui Kiu Station on the Tuen Ma Line and the Northern Link (Part 1) – and are progressing on schedule.

Our Rail plus Property business model enables us to reinvest profit from our transit-oriented property developments into new railway construction projects and operational upkeep. In the first half of 2026, we awarded the tender for the Kam Sheung Road Station Phase 2 property development. Other property development projects remain in progress with pre-sales activities continuing for many, contributing a total of approximately 9,300 units for sale to the local housing market.

We remain committed to identifying and pursuing new opportunities to drive business growth and strengthen our brand presence in the Chinese Mainland and overseas markets. On the Chinese Mainland, the operations and maintenance contract for Shenzhen Metro Line 13 Phase 2 Northern Extension was awarded in June, and we progressed multiple station commercial business ventures throughout the review period. In Australia, we secured the Sydney Metro West project in December 2025. Meanwhile, we continued to explore opportunities in high-potential markets including the Chinese Mainland, Belt and Road countries and other overseas regions.

FINANCIAL PERFORMANCE

During the period under review, MTR continued its strategic financial preparations to fuel on-going asset upgrade programmes and network expansion activities while maintaining prudent cost controls, adequate cashflow and a strong balance sheet. In the first half of 2026, profit attributable to equity shareholders from recurrent businesses increased slightly to HK$3,434 million when compared to the same period last year. This was primarily due to higher contributions from our Chinese Mainland and International businesses, which were partially offset by the higher depreciation and variable annual payment of our Hong Kong businesses. Together with property development profit of HK$12,233 million, profit arising from underlying businesses increased to HK$15,667 million compared to the first six months of 2025. Including the gain arising from fair value measurement of investment properties of HK$205 million, net profit attributable to shareholders of the Company increased to HK$15,872 million, representing earnings per share of HK$2.55. Your Board has declared an interim dividend of HK$0.42 per share, same as the first six months of 2025.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Sustainability and social responsibility are crucial to the Company's strategic priorities as a leading provider of accessible, low-carbon railway services. This year, we have set 31 key performance indicators to track our progress in 10 environmental, social and governance ("ESG") areas covering the primary objectives of reducing Greenhouse Gas Emissions, promoting Social Inclusion, and fostering Advancement & Opportunities.

One of the most innovative ways we give back to the community is by upcycling our retired train and railway components and donating them to local organisations and NGOs through an initiative called the "Legacy Train Revitalisation Programme". In the first half of 2026, we also continued to promote low-carbon living among young students through our "Green T Baby Environmental Education Programme" and reduce our carbon footprint by introducing electric buses to our fleet. Meanwhile, we continued to work towards reaching our 2030 science-based carbon reduction targets and achieving carbon neutrality by 2050.

In social outreach, our "More Time Reaching Community" volunteering scheme continued with a headcount of 2,684 participating volunteers taking part in 198 community services projects over the first half of the year. Meanwhile, "'Train' for Life's Journeys 2.0" continued to offer future skills training and mentorship to young participants, with a dedicated environmental stream alongside social inclusion.

At MTR, we adhere to a strong corporate governance framework that enables us to deliver on our corporate and fiduciary responsibilities and operate in an ethical and transparent manner for the benefit of our shareholders and stakeholders. We review our governance practices on a regular basis to ensure that we reach our ESG goals, and we remain committed to fostering diversity and inclusivity throughout our organisation.

ACKNOWLEDGEMENTS AND APPRECIATION

I would like to welcome Ms Mary Huen Wai-yi and Mr Michael Wong Yick-kam as Independent Non-Executive Directors ("INED") of the Board effective 27 May 2026 and thank Dr Carlson Tong, who retired as an INED on 27 May 2026, for his valuable contributions and services over the years. I would also like to welcome Miss Winnie Tse Wing-yee as a Non-executive Director ("NED") of the Board with effect from 1 April 2026 by virtue of her appointment as the Commissioner for Transport and thank Ms Angela Lee Chung-yan, who ceased to be an NED of the Board effective 1 April 2026 at the same time as she ceased to be the Commissioner for Transport, for her valuable contributions to the Company.

We are continuing to make all the necessary preparations to deliver critical new railways and support Hong Kong's economic development by further strengthening our robust financial position, continuing to invest heavily in I&T, and ensuring that our entire organisation is future-fit and ready to Keep Cities Moving. I am excited for MTR and Hong Kong to write this new chapter of our shared growth story, and I look forward to working with my fellow Board members, senior leadership, staff, Government and partners to help bring it to life.

Dr Jacob Kam Chak-pui
Chairman
Hong Kong, 13 August 2026