MTR

CONNECTING COMMUNITIES BUILDING THE FUTURE

Annual Report 2024

Stock code: 66

CONNECTING COMMUNITIES, BUILDING THE FUTURE

Welcome to MTR Corporation Limited's 2024 Annual Report, which recaps the major accomplishments and events of the Company's 45th year of railway service while also providing a look into the future of railway infrastructure development in Hong Kong.

Since 1979, the Company has steadfastly pursued its mission to Keep Cities Moving, providing safe, efficient and environmentally friendly rail transport for passengers from all walks of life. Now, we are turning the page to a new era – an exciting phase of railway infrastructure development that will see several important new projects come to fruition, bringing communities together more closely than ever and forging stronger links with growing populations across the Greater Bay Area. This report will offer a preview of what's to come and the investments MTR is making to turn these critical plans into reality.

We also invite readers to learn more about our comprehensive sustainability efforts by referring to our Sustainability Report 2024, which details how the Company strives to achieve robust environmental, social and governance objectives in order to build a better organisation and contribute to the advancement of the communities it serves.

Annual Report 2024

Sustainability Report 2024

Our Vision

We aim to be an internationally-recognised company that connects and grows communities with caring, innovative and sustainable services.

Our Values

- Excellent Service
- Value Creation
- Mutual Respect
- Enterprising Spirit

Our Purpose

Keep Cities Moving

Our Cultural Focus Areas

- Participative Communication
- Collaboration
- Effectiveness & Innovation
- Agility to Change

Corporate Strategy 3 Strategic Pillars

Hong Kong Core

Attain Full Potential of Hong Kong Core Business and Advance our Social Objectives

Mainland China and International Businesses

Expand into New Hubs and New Products across Mainland China and International Business, Maintaining a Steady Growth

New Growth Engine

Invest in New Technologies and Mobility Services to Reinforce our Core for Long-term Growth

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OVERVIEW

BUSINESS REVIEW AND ANALYSIS

CORPORATE GOVERNANCE

FINANCIALS AND OTHER INFORMATION

45TH ANNIVERSARY

MTR 45th Anniversary Cocktail Reception

Chill Fun Trainival

Station Rail Voyage

Celebrate 45 Years of Togetherness

MTR 45th Anniversary Themed Train

Green T Baby Fun Day

Over the past 45 years, MTR has become one of the world's top transit systems, committed to providing sustainable, green and accessible public transportation services that are safe, efficient and reliable. In Hong Kong, we connect all 18 districts. MTR's expertise and high-level management capabilities have also been recognised externally as the Company has expanded its footprint into Mainland China and overseas, keeping Hong Kong and the cities MTR serves moving. In future, MTR will continue to strive for more success, creating more milestones and building a brighter tomorrow with our stakeholders, while upholding its mission to "Keep Cities Moving". To celebrate its 45th anniversary, MTR launched various activities early in 2024, allowing the public to reflect on MTR's growth while engaging with the community.

HIGHLIGHTS

- **99.9%**
  Passenger Journeys On-time
- **1.9+ billion**
  Total Patronage
- Awarded
  Tung Chung East Station Package 1
  Property Development Project

- Opening of City Section of
  Sydney Metro M1 Metro North West & Bankstown Line
- Opening of
  Shenzhen Metro Line 13 Phase 1 Initial Section

- Signed the **Project Agreement** for **Hung Shui Kiu Station**
- Main Construction Works Continued for
  Tung Chung Line Extension, Oyster Bay Station, Kwu Tung Station and **Tuen Mun South Extension**
- **13 Residential Property Projects** under Development

ESG HIGHLIGHTS

KEY KPIS FOR 2024 ACHIEVED

Social Inclusion

Enhancements of **MTR • Care** App with the Expansion of Navigation Function for Visually Impaired Persons

150+ **Diversity, Equity and Inclusion** Training Events were held for staff

10%+ of our Interns were Persons with Disabilities or Ethnically Diverse

Advancement & Opportunities

200+ Employment and Pre-employment Opportunities were provided for **Young Talents**

Over 1,000 Students Participated in "Train' for Life's Journeys 2.0" Programme

30+ Suppliers Attended **Training Sessions on Carbon Accounting**

Greenhouse Gas Emissions Reduction

Completed a Research Study on **Hydrogen Fuelled Light Rail Vehicle**

Installed **8 Additional Water Dispensers** in Stations in 2023 – 2024

Launched the **First Electric Bus**

KEY AWARDS

Hong Kong Transport Services

- **Excellence in Living Smart Award 2024 Chill Out: Excellence in Customer Experience Award**
  MingPao.com
- **HKACE Awards 2023**
  - **Team – Internal Support Service – Gold Award**
  - **Program – Outstanding Customer Service – Silver Award**
  - **Program – Digital Service Strategy Award – Silver Award**
  - **Program – Smart Service Award – Bronze Award**

  Hong Kong Association for Customer Service Excellence
- **Elite Brand Awards 2023**
  - **Elite Brand Award (Public Transport Services)**
- **Elite Listed Enterprise Awards 2023**
  - **Elite Listed Enterprise Award (Public Services)**

  Oriental Daily News and on.cc
- **Received 21 awards in the 49th International Exhibition of Inventions Geneva**
  Geneva Invention

Hong Kong Property Businesses

- **ELEMENTS**
  - **Top 10 Shopping Mall Award, Shopping Mall Awards 2023 – 2024**
    U Magazine
  - **Excellent Service Award, Hong Kong Service Awards 2024**
    East Week
- **THE SOUTHSIDE**
  - **Hong Kong New Shopping Mall Award, Shopping Mall Awards 2023 – 2024**
    U Magazine
  - **True Living Supreme Brand Awards 2024, Most Iconic New Shopping Mall**
    am730
- **The Wai**
  - **Top 10 Shopping Mall Award, Shopping Mall Awards 2023 – 2024**
    U Magazine
  - **Bronze Winner for Innovation in Brand Development**
    2024 Asia-Pacific Stevie Awards

Finance and Investor Relations

- **Bronze Award – General Category, 2024 Best Annual Reports Awards**
  The Hong Kong Management Association

Environmental, Social and Governance

- **15 Years Plus Caring Company Logo**
  Hong Kong Council of Social Service
- **Received seven awards in Award for Excellence in Training and Development 2024**
  Hong Kong Management Association
- **Received six Grand Awards in Best HR Awards 2024**
  CTgoodjobs
- **Corporate – Top 10 Highest Volunteer Hour Award, Hong Kong Volunteer Award 2024**
  Agency for Volunteer Service
- **2024 Hong Kong Sustainability Award**
  - **Grand Award (Large Organisation Category)**
  - **Distinction Award (Large Organisation Category)**
  - **Excellence in Economic Sustainability Initiative**
  - **Excellence in Innovation**

  The Hong Kong Management Association
- **TVB ESG Awards 2024**
  - **Greater Bay Area ESG Excellence Enterprise Award**
  - **Best in ESG Practices**
  - **ESG Social Innovative Technology Award**
  - **ESG Environmental Innovative Technology Award**

  Television Broadcasts Limited

Mainland China and International Businesses

- **BJMTR**
  2024 China Best Employers Award Top 100
  Zhaopin.com
- **MTR (SZ)**
  2023/2024 Annual Awards for National Excellent Foreign-Invested Enterprises
  China Association of Enterprises with Foreign Investment and Shenzhen Association of Enterprises with Foreign Investment
- **Elizabeth Line**
  Rail Businesses Awards 2024
  - **Rail Business of the Year**
  - **Train Operator of the Year**
  - **Rail Team of the Year – Customer Experience**
- **Melbourne metropolitan rail service**
  Australasian Rail Industry Awards 2024
  - **Customer Service Excellence Award**
  - **Sustainability Excellence Award**

  The Australasian Railway Association
- **Metro Trains Sydney**
  Australasian Rail Industry Awards 2024
  - **Employee Engagement Excellence Award**

  The Australasian Railway Association
- **Sydney Metro City & Southwest Project**
  Sydney Award 2024
  - **People's Choice Award (Project)**

KEY FIGURES

	2024 HK$ million	2024 %	2023 HK$ million	2023 %	Favourable/ (Unfavourable) Change %
Total revenue					
Recurrent business revenue					
– Hong Kong transport services					
– Hong Kong transport operations	**23,013**	**38.3**	20,131	35.3	14.3
– Hong Kong station commercial businesses	**5,343**	**8.9**	5,117	9.0	4.4
– Total Hong Kong transport services	**28,356**	**47.2**	25,248	44.3	12.3
– Hong Kong property rental and management businesses	**5,379**	**9.0**	5,079	8.9	5.9
– Mainland China and international railway, property rental and management subsidiaries	**25,467**	**42.4**	25,955	45.6	(1.9)
– Other businesses	**809**	**1.4**	700	1.2	15.6
	60,011	**100.0**	56,982	100.0	5.3
Property development business revenue					
– Mainland China property development	**–**	**–**	–	–	–
Total revenue	**60,011**	**100.0**	56,982	100.0	5.3
Total EBITDA[1]					
Recurrent business EBITDA					
– Hong Kong transport services					
– Hong Kong transport operations	**7,694**	**25.6**	5,954	33.8	29.2
– Hong Kong station commercial businesses	**4,658**	**15.5**	4,557	25.8	2.2
– Total Hong Kong transport services	**12,352**	**41.1**	10,511	59.6	17.5
– Hong Kong property rental and management businesses	**4,195**	**13.9**	4,016	22.8	4.5
– Mainland China and international railway, property rental and management subsidiaries	**1,656**	**5.5**	1,072	6.1	54.5
– Other businesses, project studies and business development expenses	**(296)**	**(1.0)**	(276)	(1.6)	(7.2)
	17,907	**59.5**	15,323	86.9	16.9
Property development business EBITDA					
– Hong Kong property development	**12,185**	**40.5**	2,329	13.2	423.2
– Mainland China property development	**(3)**	**–**	(13)	(0.1)	76.9
	12,182	**40.5**	2,316	13.1	426.0
Total EBITDA	**30,089**	**100.0**	17,639	100.0	70.6
Total EBIT[2]&[3]					
Recurrent business EBIT					
EBIT					
– Hong Kong transport services					
– Hong Kong transport operations	**(63)**	**(0.3)**	(1,111)	(10.6)	94.3
– Hong Kong station commercial businesses	**3,773**	**16.9**	3,792	36.3	(0.5)
– Total Hong Kong transport services	**3,710**	**16.6**	2,681	25.7	38.4
– Hong Kong property rental and management businesses	**4,169**	**18.7**	3,999	38.3	4.3
– Mainland China and international railway, property rental and management subsidiaries[3]	**1,223**	**5.5**	524	5.0	133.4
– Other businesses, project studies and business development expenses	**(364)**	**(1.6)**	(341)	(3.3)	(6.7)
Share of profit of associates and joint ventures	**1,340**	**6.1**	1,259	12.1	6.4
	10,078	**45.3**	8,122	77.8	24.1
Property development business EBIT					
– Hong Kong property development	**12,185**	**54.7**	2,329	22.3	423.2
– Mainland China property development	**(3)**	**–**	(13)	(0.1)	76.9
	12,182	**54.7**	2,316	22.2	426.0
Total EBIT	**22,260**	**100.0**	10,438	100.0	113.3
(Loss)/gain from fair value measurement of investment properties	**(1,703)**		1,386		n/m
Interest and finance charges	**(1,032)**		(1,139)		9.4
Profit before taxation	**19,525**		10,685		82.7
Income tax	**(3,458)**		(1,575)		(119.6)
Profit for the year (before special loss provisions)	**16,067**		9,110		76.4
Special loss provisions	**–**		(1,022)		n/m
Profit for the year (after special loss provisions)	**16,067**		8,088		98.7
Non-controlling interests	**(295)**		(304)		3.0
Profit for the year attributable to shareholders of the Company	**15,772**		7,784		102.6
Profit/(loss) for the year attributable to shareholders of the Company arising from:					
Recurrent businesses					
– in Hong Kong	**5,981**		4,940		21.1
– outside Hong Kong	**1,229**		(659)		n/m
	7,210		4,281		68.4
Property development businesses					
– in Hong Kong	**10,235**		2,035		402.9
– outside Hong Kong	**30**		48		(37.5)
	10,265		2,083		392.8
Underlying businesses	**17,475**		6,364		174.6
Fair value measurement of investment properties	**(1,703)**		1,420		n/m
Total profit for the year attributable to shareholders of the Company	**15,772**		7,784		102.6

Notes

1 *EBITDA represents operating profit/(loss) before fair value measurement of investment properties, depreciation, amortisation, provisions for onerous contracts, variable annual payment, share of profit of associates and joint ventures, interest, finance charges and taxation.*

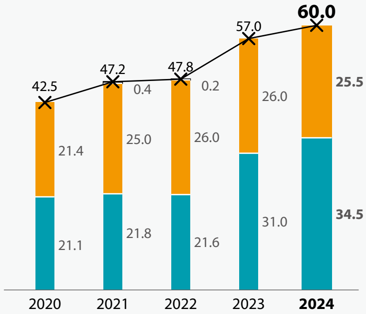
2 *EBIT represents profit/(loss) before fair value measurement of investment properties, interest, finance charges and taxation and after variable annual payment.*

3 *Excluding special loss provisions, being provisions for onerous contracts made for Stockholms pendeltåg and Mälartåg regional traffic totalling HK$1,022 million in 2023.*

n/m: not meaningful

Total Revenue
(HK$ billion)

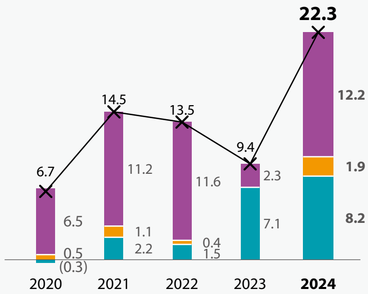
HK$60.0 billion
↑5.3%



Mainland China Property Development
Recurrent Businesses – Mainland China and International
Recurrent Businesses – Hong Kong
Total Revenue

Total EBIT
(HK$ billion)

HK$22.3 billion
↑136.4%

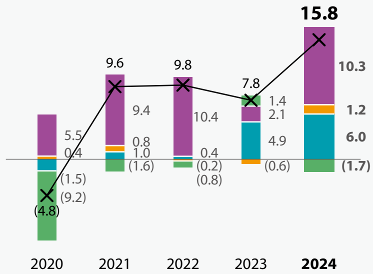


Property Development Businesses
Recurrent Businesses – Mainland China and International*
Recurrent Businesses – Hong Kong
Total EBIT

* *Including Provisions for Onerous Contracts and Impairment Loss, Share of Profit from Associates and Joint Ventures, and Project Studies and Business Development Expenses from Mainland China and International Businesseses*

Net Profit/(Loss) Attributable to Shareholders of the Company
(HK$ billion)

HK$15.8 billion
↑102.6%



(Loss)/Gain from Fair Value Measurement of Investment Properties
Property Development Profit
Recurrent Business Profit/(Loss) – outside Hong Kong
Recurrent Business Profit/(Loss) – in Hong Kong
Net Profit/(Loss) Attributable to Shareholders of the Company

	2024	2023	Favourable/ (Unfavourable) Change %
Financial ratios			
EBITDA margin[4] *(in %)*	**29.8**	26.9	2.9 % pts.
EBITDA margin[4] (excluding Mainland China and international subsidiaries$^{\delta}$) *(in %)*	**47.0**	45.9	1.1 % pts.
EBIT margin[5] *(in %)*	**14.6**	10.2^	4.4 % pts.
EBIT margin[5] (excluding Mainland China and international subsidiaries$^{\varphi}$) *(in %)*	**21.8**	20.4	1.4 % pts.
Net debt-to-equity ratio[6] *(in %)*	**31.6**	26.5	(5.1)% pts.
Return on average equity attributable to shareholders of the Company arising from underlying businesses *(in %)*	**9.6**	3.6	6.0 % pts.
Interest cover[7] *(times)*	**15.1**	9.8	5.3 times
Share information			
Basic earnings per share *(in HK$)*	**2.54**	1.26	101.6
Basic earnings per share arising from underlying businesses *(in HK$)*	**2.81**	1.03	172.8
Ordinary dividend per share *(in HK$)*	**1.31**	1.31	–
Dividend payout ratio (based on underlying business profit) *(in %)*	**47**	127	(80)% pts.
Share price at 31 December *(in HK$)*	**27.10**	30.30	(10.6)
Market capitalisation at 31 December *(in HK$ million)*	**168,693**	188,381	(10.5)
Hong Kong Transport Operations			
Total passenger boardings *(in million)*			
Domestic Service	**1,601.7**	1,586.7	0.9
Cross-boundary Service	**98.4**	71.5	37.6
High Speed Rail	**26.7**	20.1~	33.0
Airport Express	**13.1**	10.8	21.1
Light Rail and Bus	**213.6**	207.7	2.8
Average number of passengers *(in thousand)*			
Domestic Service *(weekday)*	**4,683.8**	4,669.8	0.3
Cross-boundary Service *(daily)*	**268.8**	195.9	37.2
High Speed Rail *(daily)*	**73.0**	57.3~	27.5
Airport Express *(daily)*	**35.9**	29.7	20.8
Light Rail and Bus *(weekday)*	**615.4**	601.8	2.3
Average fare *(in HK$)*			
Domestic Service	**8.67**	8.44	2.7
Cross-boundary Service	**32.12**	30.85	4.1
High Speed Rail	**79.68**	81.45	(2.2)
Airport Express	**61.12**	61.19	(0.1)
Light Rail and Bus	**3.27**	3.17	3.2
Proportion of franchised public transport boardings *(in %)*	**50.1**	50.1	–

Notes

4 *EBITDA margin represents total EBITDA (excluding Hong Kong property development profit from share of surplus, income and interest in unsold properties) as a percentage of total revenue.*

5 *EBIT margin represents total EBIT (excluding Hong Kong property development profit from share of surplus, income and interest in unsold properties, and share of profit of associates and joint ventures) as a percentage of total revenue.*

6 *Net debt-to-equity ratio represents loans and other obligations, short-term loans, obligations under service concession and loans from holders of non-controlling interests net of cash, bank balances and deposits and investment in bank medium-term notes in the consolidated statement of financial position as a percentage of total equity.*

7 *Interest cover represents operating profit before fair value measurement of investment properties, depreciation, amortisation, provisions for onerous contracts, variable annual payment and share of profit of associates and joint ventures divided by interest and finance charges before capitalisation.*

δ *Excluding the relevant revenue and expenses of Mainland China and international subsidiaries of HK$25,467 million and HK$23,814 million (2023: HK$25,955 million and HK$24,896 million) respectively.*

φ *Excluding the relevant revenue, expenses, depreciation and amortisation, and provisions for onerous contracts of Mainland China and international subsidiaries of HK$25,476 million, HK$23,814 million, HK$433 million, and HK$nil (2023: HK$25,955 million, HK$24,896 million, HK$548 million, and HK$1,022 million) respectively.*

^ *Excluding special loss provisions, being provisions for onerous contracts made for Stockholms pendeltåg and Mälartåg regional traffic totalling HK$1,022 million in 2023 the EBIT margin would have been 12.0% in 2023.*

~ *High Speed Rail service resumed on 15 January 2023. The number of passengers only counts the days from 15 January 2023 to 31 December 2023.*

OUR NETWORK

LEGEND

- Station
- Interchange Station
- Proposed Station
- Proposed Interchange Station
- Shenzhen Metro Network
- * Racing days only

EXISTING NETWORK

- Airport Express
- Disneyland Resort Line
- East Rail Line
- High Speed Rail
- Island Line
- Kwun Tong Line
- Light Rail
- South Island Line
- Tseung Kwan O Line
- Tsuen Wan Line
- Tuen Ma Line
- Tung Chung Line

PROJECTS IN PROGRESS

- Tuen Mun South Extension
- Kwu Tung Station
- Hung Shui Kiu Station
- Tung Chung Line Extension: Tung Chung East and Tung Chung West stations
- Airport Railway Extended Overrun Tunnel
- Oyster Bay Station

POTENTIAL FUTURE EXTENSIONS

- Northern Link
- Northern Link Spur Line
- South Island Line (West)
- Tseung Kwan O Line Southern Extension
- Pak Shek Kok Station

PROPERTIES OWNED / DEVELOPED / MANAGED BY THE CORPORATION

01 Telford Gardens / Telford Plaza I and II
02 World-wide House
03 Admiralty Centre
04 Argyle Centre
05 Luk Yeung Sun Chuen / Luk Yeung Galleria
06 New Kwai Fong Gardens
07 Sun Kwai Hing Gardens
08 Fairmont House
09 Kornhill / Kornhill Gardens
10 Fortress Metro Tower
11 Hongway Garden / Infinitus Plaza
12 Perfect Mount Gardens
13 New Jade Garden
14 Southorn Garden
15 Heng Fa Chuen / Heng Fa Villa / Paradise Mall
16 Park Towers
17 Felicity Garden
18 Tierra Verde / Maritime Square 1 / Maritime Square 2
19 Tung Chung Crescent / Citygate / Novotel Citygate / Seaview Crescent / Coastal Skyline / Caribbean Coast
20 Central Park / Island Harbourview / Park Avenue / Harbour Green / Bank of China Centre / HSBC Centre / Olympian City One / Olympian City Two
21 The Waterfront / Sorrento / The Harbourside / The Arch / Elements / The Cullinan / The Harbourview Place / W Hong Kong / International Commerce Centre / The Ritz-Carlton, Hong Kong
22 One International Finance Centre / Two International Finance Centre / IFC Mall / Four Seasons Hotel / Four Seasons Place
23 Central Heights / The Grandiose / The Wings / PopCorn 1 / PopCorn 2 / Crowne Plaza Hong Kong Kowloon East / Holiday Inn Express Hong Kong Kowloon East / Vega Suites
24 Residence Oasis / The Lane
25 No.8 Clear Water Bay Road / Choi Hung Park & Ride
26 Metro Town
27 Royal Ascot / Plaza Ascot
28 Ocean Walk
29 Sun Tuen Mun Centre / Sun Tuen Mun Shopping Centre
30 Hanford Garden / Hanford Plaza
31 Citylink Plaza
32 MTR Hung Hom Building / Hung Hom Station Carpark
33 Trackside Villas
34 The Capitol / Le Prestige / Hemera / Wings at Sea / MALIBU / LP6 / MONTARA / SEA TO SKY / MARINI / GRAND MONTARA / GRAND MARINI / OCEAN MARINI / LP10 / The LOHAS
35 The Palazzo
36 Lake Silver
37 Festival City
38 The Riverpark
39 Century Gateway
40 THE PAVILIA FARM I / THE PAVILIA FARM II / The Wai
42 The Austin / Grand Austin
43 SOUTHLAND / La Marina / THE SOUTHSIDE
45 Ocean Pride / Ocean Supreme / PARC CITY / THE PAVILIA BAY / City Point
46 Cullinan West
47 The Spectra / Sol City
48 The YOHO Hub

PROPERTY DEVELOPMENTS UNDER CONSTRUCTION / PLANNING

34 LOHAS Park Packages
40 Tai Wai Station Packages
41 Tin Wing Stop
43 THE SOUTHSIDE Packages
44 Ho Man Tin Station Packages
51 Yau Tong Ventilation Building
52 Tung Chung Traction Substation
53 Pak Shing Kok Ventilation Building
54 Oyster Bay Packages
55 Tung Chung East Station Packages
56 A16 Station Packages
57 Kwu Tung Station Packages
58 Hung Shui Kiu Station Packages

WEST RAIL PROPERTY DEVELOPMENTS (AS AGENT FOR THE RELEVANT SUBSIDIARIES OF KCRC)

39 Century Gateway
45 Ocean Pride / Ocean Supreme / PARC CITY / THE PAVILIA BAY / City Point
46 Cullinan West
47 The Spectra / Sol City
48 The YOHO Hub
49 Kam Sheung Road Station Packages
50 Pat Heung Maintenance Centre

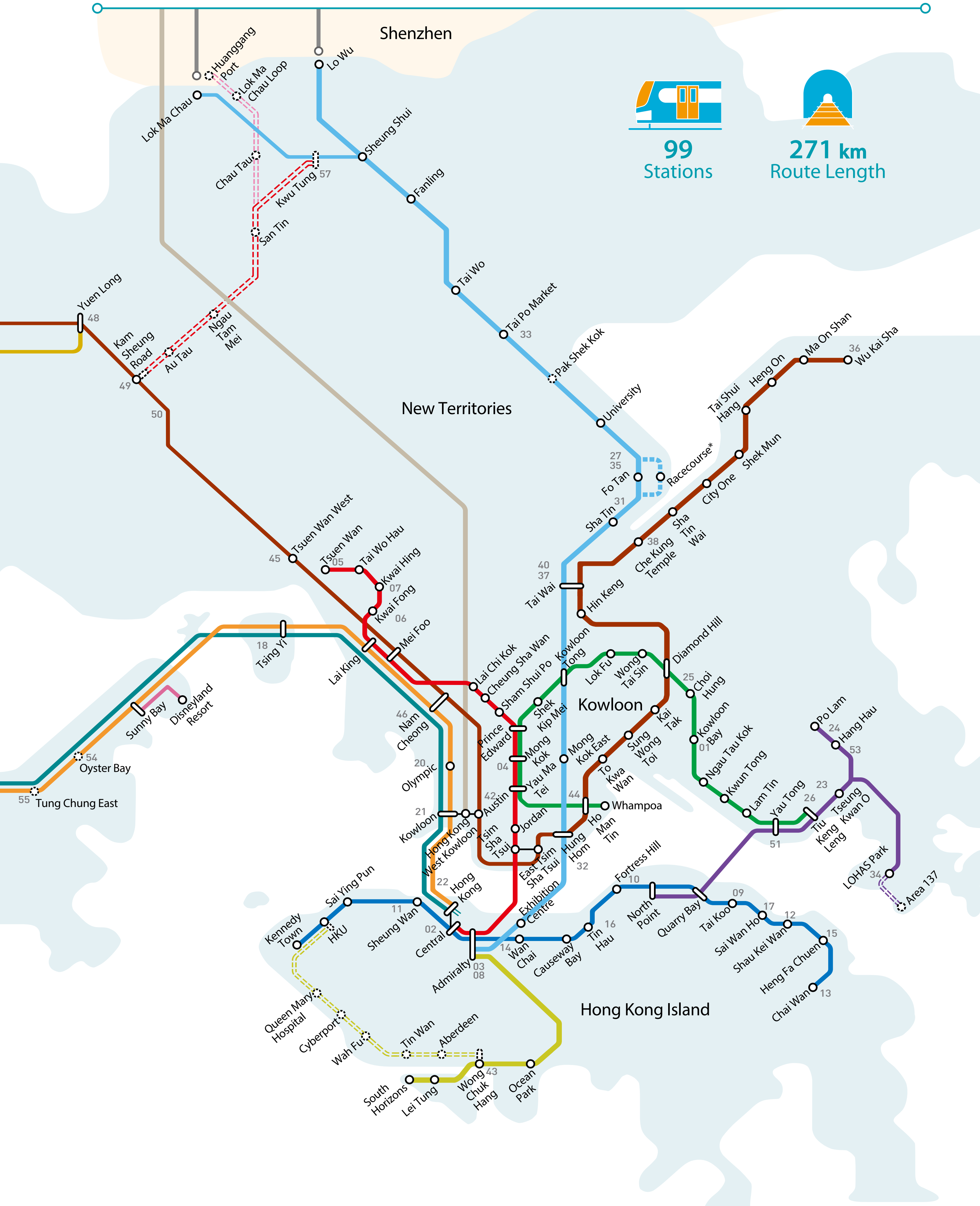
MAINLAND CHINA AND INTERNATIONAL BUSINESSES

MAINLAND CHINA AND MACAO

AUSTRALIA

EUROPE

HONG KONG OPERATING NETWORK WITH FUTURE EXTENSIONS



CHAIRMAN'S LETTER

Dear Shareholders and other Stakeholders,

At the inception of Hong Kong's first metro service in 1979, few could have predicted just how much change was about to come. Yet over the ensuing 45 years, the city rapidly transformed itself into a financial and logistics powerhouse and an important cog in the machinery of global business. MTR is proud to have played a role in Hong Kong's success story, working tirelessly to build a comprehensive, world-class railway network designed to meet passengers' always evolving needs, foster economic growth and Keep Cities Moving.

Central to this mission is the Company's ability to undertake new railway projects that will connect new and growing areas of Hong Kong, make existing links even more efficient, and strengthen ties between the city and its neighbours in the Greater Bay Area and other parts of Mainland China. Just two short years ago, we completed a remarkable phase of development that culminated with the opening of the East Rail Line cross-harbour extension. Now we are in the midst of the next stage of growth, embarking on an exciting series of new projects and initiatives that will form an important part of Hong Kong's long-term strategic economic growth plan and cement railways as the heart of the city's green and sustainable transport infrastructure.

In its dual role as a provider of essential public services and a major publicly listed company, MTR's mission is to maintain, improve and expand its networks for the benefit of the city and its people. Of equal importance is for us to deliver shareholder value as a listed company. MTR's proven "Rail plus Property" business model is vital to these efforts. It enables us to create thriving, interlinked residential and commercial developments along our rail lines and at the same time help generate the necessary capital to fund future projects and finance the asset management, maintenance and service upgrade of the existing network. The year under review was highlighted by steady growth in our transport and station commercial businesses and a solid contribution from our property business. We are also proud to have once again employed strong operational and governance practices to drive performance while meeting our fiduciary duties. Such results demonstrate our unflagging commitment to Hong Kong and its people as well as our shareholders. However, it must be noted that there are several years of considerable capital expenditure on the horizon as we seek to participate in the next major phase of Hong Kong's growth, and that a substantial portion of the profit generated during the year under review and in future must be invested in these projects. The Corporation acknowledges both the genuine challenges and the multiple exciting opportunities that this will bring. With our customary prudent and pragmatic approach to financial management, MTR is preparing itself to be one of the leading drivers of this growth story while paying careful attention to the needs of all its stakeholders.

With the world continuing to face myriad economic and geopolitical uncertainties, it is also more important than ever to protect our assets and the value of our company with exceptional diligence, not least as we plan the funding both for the on-going upgrading of our existing assets and for our home city's coming infrastructural development. These are significant challenges indeed, but ones we feel MTR is more than capable – and willing – to meet.

In addition to practising financial prudence and strong corporate governance, we are in the midst of reviewing our implementation of various aspects of our Corporate Strategy, including how we are using innovation and technology to make our operations better and greener. The work we are doing through our innovation investment company MTR Lab is an excellent example of how we are pursuing cutting-edge solutions that can support the long-term, sustainable growth of our industry and communities. We are also laser-focused on identifying and grooming the next generation of leadership talent to guide MTR and Hong Kong through this next phase of infrastructural development.

MTR's 45th anniversary of railway operations in Hong Kong in 2024 was a wonderful time to reflect on past accomplishments and celebrate with the city we proudly call home. I believe it has provided an even better occasion to welcome the considerable opportunities that lie ahead, join hands and journey together towards an even brighter future.

BUSINESS PERFORMANCE AND GROWTH

At MTR, we "Go Smart Go Beyond" to bring safe, efficient, low-carbon railway transit services to people of all walks of life in Hong Kong, Mainland China and around the world, utilising the latest technologies to "Go Beyond Boundaries" to improve and enhance our assets and adhering to world-class standards in the design, construction and maintenance of new lines and stations. In 2024, we advanced several important projects related to Government's Railway Development Strategy 2014 and Northern Metropolis Development Strategy. Major construction works continued for the Tung Chung Line Extension, Oyster Bay Station, Kwu Tung Station on the East Rail Line and the Tuen Mun South Extension. We also signed the Project Agreement with Government for Hung Shui Kiu Station.

Our property business delivered strong profit in 2024, a result that will directly benefit communities through future railway projects funded by the "Rail plus Property" business model. We awarded the tender for Tung Chung East Station Package 1, and numerous developments currently in progress are expected to add approximately 10,000 units to Hong Kong's housing market. In 2024, we also celebrated the first anniversary of THE SOUTHSIDE shopping mall in Wong Chuk Hang serving the community. THE SOUTHSIDE shopping mall has added about 47,000 square metres to the Company's retail portfolio.

Our Mainland China and international businesses continue to form a core pillar under our Corporate Strategy. In Australia, the City section of the Sydney Metro M1 Metro North West and Bankstown Line opened in August 2024, bringing added convenience to commuters. In Shenzhen, the initial section of Phase 1 of Shenzhen Metro Line 13 commenced service in December 2024.

There is no doubt that one of the highlights of the year for MTR in 2024 was being able to celebrate our 45th anniversary of metro rail operations in Hong Kong with the local community. Highlights included the "Station Rail Voyage" exhibition, an experiential railway gallery at Hung Hom Station showcasing iconic retired trains, train components and a remarkable collection of historical artifacts; the "MTR 45th Anniversary Themed Train", which incorporated classic elements of first-generation passenger trains to showcase the evolution of railway service in Hong Kong and bring back fond memories for passengers; and the five-day "Chill Fun Trainival", MTR's first large-scale outdoor carnival, which drew about 80,000 attendees of all ages for railway-themed fun along the Central Harbourfront. MTR Academy was also proud to co-organise the "Belt and Road Railway Forum", an event where more than 200 industry leaders from Mainland China and Belt and Road countries gathered to discuss the future of the regional railway industry.

FINANCIAL PERFORMANCE

During the year under review, our transport and station commercial activities continued to recover slowly but steadily from the difficulties of the COVID era, resulting in profit attributable to equity shareholders from recurrent businesses of HK$7,210 million, an increase of 68.4% over 2023. Together with property development profit of HK$10,265 million, profit from underlying businesses increased to HK$17,475 million. Including the loss arising from the fair value measurement of investment properties, net profit attributable to shareholders of the Company in 2024 was HK$15,772 million, equating to earnings per share of HK$2.54. The Board has proposed a final ordinary dividend of HK$0.89 per share, which together with the interim dividend of HK$0.42 per share brings the full-year dividend to HK$1.31 per share (2023: HK$1.31 per share).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

As a global leader in the provision of accessible, affordable, low-carbon mass transit, we are passionate about attaining the highest possible environmental, social and governance ("ESG") standards. For 2024, we set 43 ESG-related key performance indicators ("KPIs") to gauge how well MTR is doing in 10 focus areas covering three primary environmental and social objectives: reducing Greenhouse Gas ("GHG") Emissions, promoting Social Inclusion, and fostering Advancement & Opportunities. Over the course of the year, we either met all of these KPIs or were on track to do so.

Reducing Greenhouse Gas Emissions

While railway transport is comparatively low-carbon by nature in Hong Kong, MTR is still always exploring ways to further reduce GHG emissions across its operations. During the year under review, we commenced our first electric bus passenger service. Seven of our new stations attained "BEAM Plus" New Buildings Version 2.0 Provisional Gold or above in 2024 in recognition of their building sustainability performance. We increased our generation of renewable energy by completing installation works for solar photovoltaic systems at Kwun Tong Station, Tuen Mun Depot and Tai Wai Depot. During the year, we reinforced our commitment to sustainability by raising HK$7.4 billion of funding under our Sustainable Finance Framework, including our debut public issuance of RMB4.5 billion in green bonds in the offshore Renminbi market.

Promoting Social Inclusion

We strive to make our organisation as inclusive as possible. In 2024, 348 volunteering projects were organised under the "More Time Reaching Community" Scheme, attracting a headcount of 5,847 participating volunteers. The "EmpowerZ" traineeship pilot programme was also introduced in 2024 to provide on-the-job training for youths from diverse ethnic backgrounds or those with disabilities.

Fostering Advancement & Opportunities

Talent development is critical to MTR's success. Each year, we groom our staff by offering a comprehensive range of learning and development programmes that help employees grow their careers while also ensuring that our business is supported by a strong pipeline of talent. We also provide training in future skills and innovation as well as school outreach and attachment opportunities for young talent. In 2024, over 1,000 secondary school students participated in the upgraded "'Train' for Life's Journeys 2.0" youth programme. We also proudly announced the introduction of the HK$5 million "Ride to Success" scholarship programme for students who are interested in pursuing careers in the railway sector.

Governance

MTR strives to attain world-class standards of corporate governance, ethics and transparency to ensure that we serve the best interests of our business, shareholders, partners, suppliers and the wider community. We are also committed to achieving high levels of inclusion and diversity throughout the organisation.

ACKNOWLEDGEMENTS AND APPRECIATION

I would like to welcome once again Mrs Ayesha Macpherson Lau as an Independent Non-executive Director ("INED") of the Board, effective 22 May 2024. I would also like to take this opportunity to thank Dr Dorothy Chan Yuen Tak-fai and Ms Rose Lee Wai-mun, who both retired as INEDs on 22 May 2024, for their many years of valuable leadership and counsel. I would also like to welcome Ms Mable Chan as a Non-executive Director ("NED") of the Board with effect from 5 December 2024 by virtue of her appointment as the Secretary for Transport and Logistics and thank Mr Lam Sai-hung, who ceased to be an NED of the Board on 5 December 2024 at the same time as he ceased to be the Secretary for Transport and Logistics, for his valuable contributions to the Board and the Company during his tenure.

Throughout its history, MTR has strived to serve all members of the public with high-quality, green railway transit services. We look forward to celebrating many more anniversaries and milestones together as we continue investing in the future of Hong Kong and contributing our decades of expertise to help connect communities around the world.

Rex Auyeung

Dr Rex Auyeung Pak-kuen
Chairman
Hong Kong, 6 March 2025

CEO'S REVIEW AND OUTLOOK

Dear Shareholders and other Stakeholders,

MTR Corporation Limited's 45th year of railway service in Hong Kong marked a memorable time for the Company and the local community. It provided everyone with a chance to come together in celebration of one of Hong Kong's most remarkable achievements, its world-famous public rail network. It also gave us the opportunity to recognise the phenomenal economic and social growth the city's railways have helped facilitate. All of us at MTR are honoured to have played a part in Hong Kong's development, growing together with its people and communities.

Over the past four and a half decades, we have worked hand in hand with Government, the public, our shareholders and partners to Keep Cities Moving. Hong Kong's vast accomplishments in rail transit demonstrate what is possible when we are all united through this common goal. We now have the opportunity to look towards the future: a major new phase of infrastructural development that will see activity across the city as we build the networks of the future to support sustainable, long-term economic growth.

Much of MTR's ability to design, construct, operate and maintain high-quality railways is derived from its effective "Rail plus Property" business model, through which the Company develops residential and commercial properties at sites near or adjacent to railways and applies a substantial portion of resultant earnings towards asset upgrades and replacement and future network expansion. At the same time, the Corporation also builds new communities for Hong Kong. In 2024, property development profit saw an uptick due to recognition of profits from existing as well as more recently launched properties. MTR also generated satisfactory recurrent revenue from its transport operations, station commercial and investment property businesses, although patronage and rentals still lag somewhat behind pre-COVID times. There is no doubt that these are welcome results which will help MTR fund future railway projects and maintain and upgrade its existing network. That said, in order to build the Hong Kong of tomorrow, MTR will have to plan diligently so as to achieve its growth ambitions while still retaining the requisite financial strength and balance sheet robustness.

The year 2025 marks the 25th anniversary of the listing of the Company. Since it went public in October 2000, MTR has played a unique role in Hong Kong. As a listed company, we abide strictly to the listing rules and market mechanisms and are fully dedicated to creating value and returns for our shareholders, amongst them the HKSAR Government, institutional investors and individual shareholders. We constantly seek to develop and grow and have continued to innovate and raise our level of efficiency. All this is done while we bring social benefits to Hong Kong, not just in terms of economic growth, but also in the areas of livelihood and the environment.

Over the past decades, the Company has thrived in terms of business performance in favourable and challenging operating environments alike, practising financial prudence and adhering to strong principles of governance. During the year under review, we continued seeking ways to spur patronage and retail activity in an operating environment marked by new consumer, travel and tourism patterns. Enhanced adoption of smart technologies and green initiatives helped keep our railway assets in top form. Meanwhile, we continued to invest in new railway projects that will be the backbone infrastructure of Hong Kong's future growth. More importantly, the expanded network will bring new impetus to our business growth.

BUSINESS PERFORMANCE AND GROWTH

In 2024, MTR continued to "Go Smart Go Beyond" in its efforts to enhance its world-class rail transit services. Examples of new innovations and technologies included upgrading the Automatic Fare Collection system to provide passengers with even more e-payment options, introducing a cloud-based AI platform to optimise train mileage regulation and planning, and expanding use of our "Virtual Service Ambassador", an AI-enabled, voice-controlled virtual assistant that answers customer enquiries on train and station services. During the year, we once again achieved 99.9% in passenger journeys on-time and train service delivery, demonstrating the Company's steadfast commitment to deliver efficient and convenient railway transit services. Growth in High Speed Rail patronage was impressive, but growth in Domestic Service showed only a continuation of the slow improvement seen since the post-pandemic reopening.

In March 2024, we announced that the overall fare adjustment rate would be capped at +3.09%, with the remaining +0.11% adjustment rate to be recouped in 2025/2026 and 2026/2027 and the +1.85% from 2023/2024 to be carried forward to 2025/2026 for recoupment. The overall fare adjustment rate is determined by the established fare mechanism with the "Affordability Cap" arrangement, which balances the Company's need to generate revenue for maintaining and improving the railway network with its ability to provide affordable fares to the public.

As at the end of 2024, the Company had 13 residential property developments in progress that will provide a total of approximately 10,000 units to the local housing market. Pre-sales activities continued throughout the year, and the tender for Tung Chung East Station Package 1 was awarded in December 2024. Our property rental business continued to benefit from additional contributions from our new shopping malls. These include THE SOUTHSIDE, our new lifestyle shopping mall above Wong Chuk Hang Station, which celebrated its first anniversary of serving the community in December 2024.

MTR continues to offer its full support to Government in the planning and construction of new railway projects that will form the next phase of Hong Kong's infrastructure development. In September 2024, we signed a Project Agreement with Government for Hung Shui Kiu Station. Also during the year, major construction works continued for the Tung Chung Line Extension, Oyster Bay Station, Kwu Tung Station on the East Rail Line and the Tuen Mun South Extension.

Our Mainland China and international businesses generate geographically diversified revenue streams for the Company and help promote the MTR and Hong Kong brands abroad. In August 2024, the City section of the Sydney Metro M1 Metro North West and Bankstown Line opened with six new stations and new metro platforms at Central and Sydenham stations to serve commuters. The City section includes a 15.5-km twin tunnel running underneath Sydney Harbour from Chatswood to Sydenham. In Mainland China, the initial section of the 22.4-km Shenzhen Metro Line 13 Phase 1 commenced passenger service in December 2024. Structural works for the shopping mall at Tianjin Beiyunhe Station were completed in December 2024, and preparation works are now underway.

FINANCIAL PERFORMANCE

Following a combination of satisfactory results from our transport, station commercial and investment property rental activities together with property development profit generated, net profit attributable to shareholders of the Company was HK$15,772 million, representing earnings per share of HK$2.54. The Company's financial performance in 2024 was marked by a notable increase in profit derived from property developments, demonstrating the "Rail plus Property" business model in action. These profits relate to railway projects that commenced several years ago, the capital expenditure of which is now reimbursed by these gains. Such one-off profits keep MTR in an adequate financial position to prepare itself for the capital expenditure related to future railway projects as well as asset upgrades and replacements. Profit attributable to equity shareholders from recurrent businesses was HK$7,210 million, an increase of 68.4% from 2023, while property development profit increased to HK$10,265 million. Profit attributable to shareholders from underlying businesses was HK$17,475 million.

Your Board has proposed a final ordinary dividend of HK$0.89 per share, which together with the interim dividend of HK$0.42 per share brings the full-year dividend to HK$1.31 per share, same as that of 2023.

OUTLOOK

While the Company's operating results were satisfactory during the year under review, it is important to reiterate that much of these profits will be committed to the substantial funding required for the upgrading and renewal of existing lines as well as planning and constructing new railway projects. We also must keep adapting to the new realities of consumer behaviour in the post-pandemic era, particularly the established trends of Hong Kong people travelling north for weekends and holidays and Mainland Chinese tourists spending less time in local retail outlets. Revenues from patronage, station shop and shopping mall rentals, and station advertising are still dependent on an uncertain global economic environment beset by volatile geopolitical conditions and high interest rates. Prudent cost controls and strict financial management of our recurrent businesses and new projects will remain vital moving forward.

Our property development business generated notable profits in 2024, demonstrating the continued success of the Company's effective "Rail plus Property" business model. However, we must keep monitoring market sentiment, where economic concerns and high interest rates may continue to have dampening effects moving forward. Depending on market conditions, in the coming 12 months or so we expect to tender Tung Chung East Station Package 2 and Tuen Mun A16 Station Package 1. Application for pre-sale consent is also in progress for THE SOUTHSIDE Package 6. Subject to the progress of construction and sales, we also anticipate property development profit from THE SOUTHSIDE packages 3 and 5, Ho Man Tin Station packages 1 and 2, and LOHAS Park Package 12.

MTR has an important public responsibility to provide world-class railways for people of all walks of life, and the coming several years will be a very active period in terms of extending the Company's network to new and growing population centres in Hong Kong. We are committed to "Go Beyond Boundaries" in supporting Government's efforts to plan and build a network that will nurture the city's sustainable long-term growth. We look forward to connecting communities through projects related to Railway Development Strategy 2014, the Northern Metropolis Development Strategy and the Hong Kong Major Transport Infrastructure Development Blueprint, all of which will bolster the role of railways as the backbone of Hong Kong's public transportation system. MTR will also continue practising prudent financial management as it works to secure funding for this next phase of growth, a period that will see considerable demands placed on our financial resources.

MTR's track record as a world leader in railway transport creates opportunities for the Company to extend its business and brand to markets outside of Hong Kong, including Mainland China and overseas. We will continue to explore those that align with our Corporate Strategy and offer the potential to generate revenue while bringing high-quality transport services to markets all across the globe.

I want to take this opportunity to thank Dr Tony Lee, who will retire from his position as Operations and Innovation Director immediately after 30 April 2025, for his contributions to the Company. It was an honour to be reappointed by the Board as CEO for a period extending to 31 December 2025. I also want to express my gratitude to the Board, Company management, and all our talented and dedicated colleagues who have worked tirelessly to help MTR succeed in this new era. There is significant work ahead of us, but I believe we are on track to meet these challenges. We will "Keep Cities Moving".

Dr Jacob Kam Chak-pui
Chief Executive Officer
Hong Kong, 6 March 2025

THE YEAR IN REVIEW
BUSINESS PERFORMANCE

Hong Kong Transport Services
Transport Operations

1.9+ billion
Total Patronage

99.9%
Passenger Journeys On-time

AIM

MTR's transport operations Keep Cities Moving for passengers from all walks of life, providing safe and efficient mass transit services that are also reliable and environmentally friendly. The revenue they generate helps fund the upkeep and expansion of the Company's world-class railway networks.

CHALLENGES

We continue to monitor economic and demographic trends for their potential impacts on patronage and operations. Meanwhile, we are working hard to implement various asset upgrade and renewal programmes without compromising our dedication to safety and service excellence.

STRATEGIES

In 2024, we continued to upgrade our railway networks and assets for improved safety and efficiency as well as passenger experience. New technology and innovations led to enhanced operations and customer service. Meanwhile, our promotional and marketing efforts proved effective once again in driving domestic and cross-boundary patronage.

STAKEHOLDER ENGAGEMENT

New smart mobility features, a wider range of e-payment options and on-going fare concession programmes helped MTR address the accessibility needs of different types of customers, while data analysis enabled us to enhance personalisation and develop features for individual segments. We also conducted regular customer surveys to gauge feedback on service performance. Meanwhile, we celebrated 45 years of service in Hong Kong with the community by hosting the "Station Rail Voyage" exhibition at Hung Hom Station and launching the "MTR 45th Anniversary Themed Train", among many other special events and promotions.

OUTLOOK

MTR's Domestic Service, Cross-boundary Service and High Speed Rail ("HSR") saw patronage growth in 2024, but further increases will be subject to the state of the local economy and macroeconomic factors.

The overall fare adjustment rate for 2024/2025 that was announced in March 2024 will ensure our ability to generate the funds necessary for maintaining, upgrading and renewing our railway systems while still offering affordable fares for the travelling public. Many such initiatives are on-going, including our programmes to replace older trains, upgrade our Automatic Fare Collection system, replace the signalling system along several lines and enhance station air conditioning systems for greater passenger comfort.

Moving forward, we will also continue our award-winning efforts to "Go Smart Go Beyond" as we seek ways to enhance the passenger journey and improve railway operations, which include adopting the latest innovations and technologies for improved operations, maintenance, customer service and sustainability.

HONG KONG BUSINESSES

MTR's Hong Kong businesses form the core of the Company's activities. They include "Hong Kong Transport Services", which involve the operation of rail and bus transport services as well as commercial activities at stations; property-related activities such as the development, rental and management of the Company's railway-linked properties; and the design and construction of new railway projects that expand and enhance the city's existing rail transport network. MTR operates primarily through a "Rail plus Property" business model that enables the Company to connect and grow communities while also delivering shareholder value.

HK$ million	Year ended 31 December 2024	2023	Inc./(Dec.) %
Hong Kong Transport Operations			
Total Revenue	**23,013**	20,131	14.3
Operating Profit before Depreciation, Amortisation and Variable Annual Payment ("EBITDA")	**7,694**	5,954	29.2
(Loss)/Profit before Interest, Finance Charges and Taxation and after Variable Annual Payment ("EBIT")	**(63)**	(1,111)	94.3
EBITDA Margin (in %)	**33.4%**	29.6%	3.8% pts.
EBIT Margin (in %)	**(0.3)%**	(5.5)%	5.2% pts.

In 2024, total revenue from Hong Kong transport operations increased by 14.3% to HK$23,013 million compared to 2023, leading to a considerable decrease in loss before interest, finance charges and taxation and after variable annual payment to Kowloon-Canton Railway Corporation ("KCRC") of HK$63 million. These results were largely due to contributions from both Domestic Service and Cross-boundary Service, the latter of which enjoyed a full year of operations unlike in 2023, when the service began resuming gradually in January and February. Performance from High Speed Rail ("HSR") was also in line with expectations.

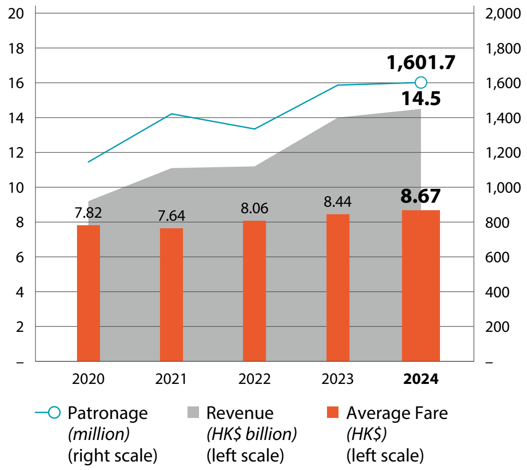
Patronage and Revenue

	Patronage In million		Revenue HK$ million	
	2024	Inc./(Dec.) %	**2024**	Inc./(Dec.) %
Hong Kong Transport Operations				
Domestic Service	**1,601.7**	0.9	**14,507**	3.7
Cross-boundary Service	**98.4**	37.6	**3,562**	61.5
HSR and Intercity	**26.7**	33.0	**3,338**	33.4
Airport Express	**13.1**	21.1	**803**	20.9
Light Rail and Bus	**213.6**	2.8	**698**	6.1
	1,953.5	3.0	**22,908**	14.4
Others			**105**	–
Total			**23,013**	14.3

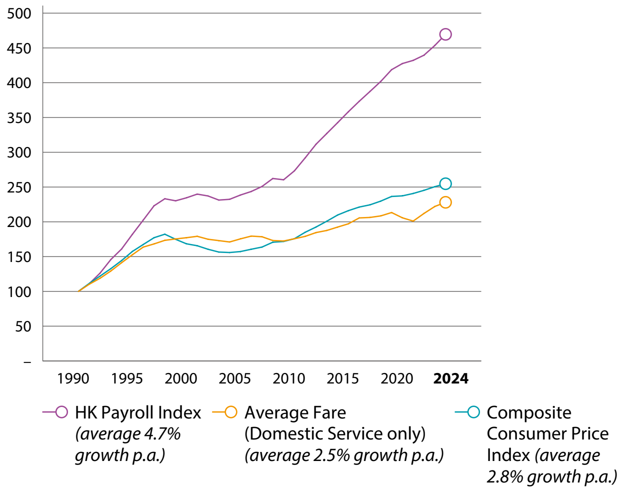
MTR's rail and bus passenger services recorded 1,953.5 million passengers in 2024, a year on year increase of 3.0%. Average weekday patronage increased by 2.0% to 5.64 million.

Total Domestic Service patronage was 1,601.7 million in 2024, an increase of 0.9% compared to the previous year. Average weekday Domestic Service patronage rose by 0.3% to 4.68 million. Cross-boundary Service to Lo Wu and Lok Ma Chau had a full year of operations for the first time since the pandemic and reached 98.4 million in patronage for an increase of 37.6% from last year, mainly due to increased northbound travel by Hong Kong residents. HSR recorded 26.7 million in patronage, which was driven in part by the addition of new destinations and services. Airport Express patronage increased to 13.1 million, 21.1% higher than 2023.

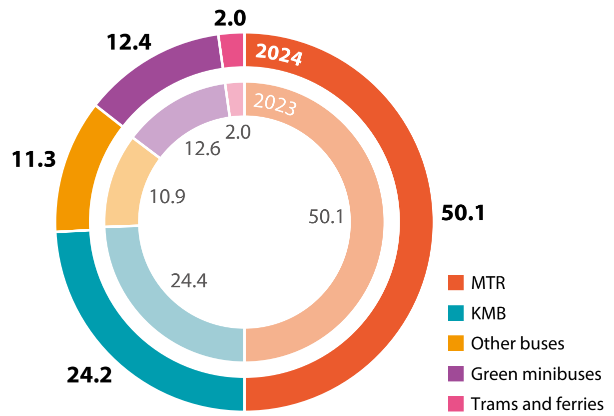
Domestic Service – Patronage and Average Fare



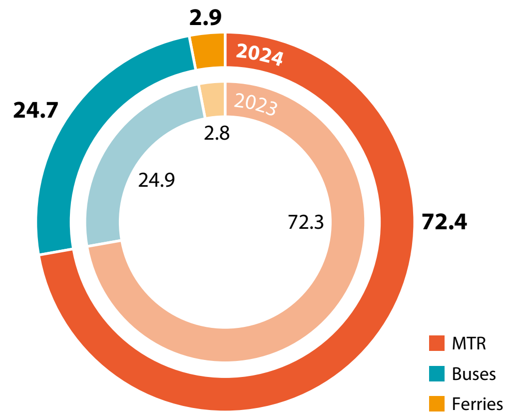
Fare Trend



Market Shares of Major Transport Operators in Hong Kong
(Percentage)



Market Shares of Major Transport Operators Crossing the Harbour
(Percentage)



Market Share

In 2024, our overall share of the franchised public transport market in Hong Kong was 50.1%, same as that in 2023. Our share of cross-harbour traffic was 72.4% in 2024 compared with 72.3% in 2023.

Our share of the cross-boundary transport business in 2024 decreased to 50.4% from 53.0% in 2023, mainly due to the increased number of land-based control points such as Heung Yuen Wai after boundaries reopened in early 2023. Our market share to and from the airport decreased to 18.1% from 19.9%, which was mainly due to increased competition from other modes of transport.

Fare Adjustment, Promotions and Concessions

In March 2024, it was announced that the Overall Fare Adjustment Rate for 2024/2025 would be capped at +3.09%, with the remaining +0.11% adjustment rate to be recouped in 2025/2026 and 2026/2027 and the +1.85% from 2023/2024 carried forward to 2025/2026 for recoupment. This is in line with the "Affordability Cap" arrangement that limits the rate of overall fare adjustment to the level of change in Median Monthly Household Income for the corresponding year. This arrangement is designed to balance fare affordability with the need to generate steady recurrent revenue to maintain, upgrade and renew railway systems.

In 2024, we continued to offer a number of on-going fare concessions totalling approximately HK$3.1 billion for the benefit of customers including the elderly, children, eligible students, persons with disabilities and more. We continued to provide City Saver and the HK$0.5 interchange discount with Green Minibus and extended Monthly Passes, the Tuen Mun–Nam Cheong Day Pass and the Early Bird Discount for another year. We also launched numerous marketing initiatives supporting new HSR routes and services as well as Airport Express.

Service Performance

Safety and efficiency are both hallmarks of MTR's rail service. In 2024, we achieved 99.9% in passenger journeys on-time and train service delivery for our heavy rail network, exceeding the targets in MTR's Operating Agreement and the Company's own, even more demanding Customer Service Pledges.

In 2024, we made over 1.85 million train trips on our heavy rail network and over 0.91 million trips on our light rail network. There were five delays on the heavy rail network and none on the light rail network. Delays are defined as those lasting 31 minutes or more and attributable to factors within the Company's control. All incidents are carefully reviewed to prevent similar situations from recurring.

Operations Performance in 2024

Service Performance Item	Performance Requirement	Customer Service Pledge Target	**Actual Performance**
Train service delivery			
– Island Line and South Island Line	99.0%	99.5%	**99.9%**
– Kwun Tong Line, Tsuen Wan Line and Tseung Kwan O Line	99.0%	99.5%	**99.8%**
– Tung Chung Line, Disneyland Resort Line and Airport Express	99.0%	99.5%	**99.9%**
– East Rail Line[1]	99.0%	99.5%	**99.9%**
– Tuen Ma Line	99.0%	99.5%	**99.9%**
– Light Rail	99.0%	99.5%	**99.9%**
Passenger journeys on-time			
– Kwun Tong Line, Tsuen Wan Line, Island Line, Tseung Kwan O Line, South Island Line, Tung Chung Line and Disneyland Resort Line	99.0%	99.5%	**99.9%**
– Airport Express	98.5%	99.0%	**99.9%**
– East Rail Line[1]	98.5%	99.0%	**99.9%**
– Tuen Ma Line	98.5%	99.0%	**99.9%**
Train punctuality			
– Island Line and South Island Line	98.5%	99.0%	**99.7%**
– Kwun Tong Line, Tsuen Wan Line and Tseung Kwan O Line	98.5%	99.0%	**99.7%**
– Tung Chung Line, Disneyland Resort Line and Airport Express	98.5%	99.0%	**99.9%**
– East Rail Line[1]	98.5%	99.0%	**99.9%**
– Tuen Ma Line	98.5%	99.0%	**99.9%**
– Light Rail	98.5%	99.0%	**99.9%**
Train reliability: train car-km per train failure causing delays ≥5 minutes			
– Kwun Tong Line, Tsuen Wan Line, Island Line, Tseung Kwan O Line, South Island Line, Tung Chung Line, Disneyland Resort Line and Airport Express	N/A	1,000,000	**2,672,748**
– East Rail Line and Tuen Ma Line	N/A	1,000,000	**6,974,375**
Ticket reliability: smart ticket transactions per ticket failure			
– Kwun Tong Line, Tsuen Wan Line, Island Line, Tseung Kwan O Line, South Island Line, Tung Chung Line, Disneyland Resort Line, Airport Express, East Rail Line and Tuen Ma Line	N/A	18,000	**55,615**
Add value machine reliability			
– Kwun Tong Line, Tsuen Wan Line, Island Line, Tseung Kwan O Line, South Island Line, Tung Chung Line, Disneyland Resort Line and Airport Express	98.5%	99.0%	**99.9%**
– East Rail Line	98.5%	99.0%	**99.9%**
– Tuen Ma Line	98.5%	99.0%	**99.9%**
Ticket machine reliability			
– Kwun Tong Line, Tsuen Wan Line, Island Line, Tseung Kwan O Line, South Island Line, Tung Chung Line, Disneyland Resort Line and Airport Express	98.0%	99.0%	**99.8%**
– East Rail Line	98.0%	99.0%	**99.9%**
– Tuen Ma Line	98.0%	99.0%	**99.9%**
– Light Rail	N/A	99.0%	**99.8%**
Ticket gate reliability			
– Kwun Tong Line, Tsuen Wan Line, Island Line, Tseung Kwan O Line, South Island Line, Tung Chung Line, Disneyland Resort Line and Airport Express	98.0%	99.0%	**99.9%**
– East Rail Line	98.0%	99.0%	**99.9%**
– Tuen Ma Line	98.0%	99.0%	**99.9%**
Light Rail platform Octopus processor reliability	N/A	99.0%	**99.9%**
Escalator reliability			
– Kwun Tong Line, Tsuen Wan Line, Island Line, Tseung Kwan O Line, South Island Line, Tung Chung Line, Disneyland Resort Line and Airport Express	98.5%	99.0%	**99.9%**
– East Rail Line	98.5%	99.0%	**99.9%**
– Tuen Ma Line	98.5%	99.0%	**99.9%**
Passenger lift reliability			
– Kwun Tong Line, Tsuen Wan Line, Island Line, Tseung Kwan O Line, South Island Line, Tung Chung Line, Disneyland Resort Line and Airport Express	99.0%	99.5%	**99.9%**
– East Rail Line	99.0%	99.5%	**99.9%**
– Tuen Ma Line	99.0%	99.5%	**99.9%**
Temperature and ventilation			
– Trains, except Light Rail: to maintain a cool, pleasant and comfortable train environment generally at or below 26ºC	N/A	97.5%	**99.9%**
– Light Rail: on-train air-conditioning failures per month	N/A	<3	**0**
– Stations: to maintain a cool, pleasant and comfortable environment generally at or below 27ºC for platforms and 29ºC for station concourses, except on very hot days	N/A	94.0%	**99.8%**
Cleanliness			
– Train compartment: cleaned daily	N/A	99.0%	**99.9%**
– Train exterior: washed every two days (on average)	N/A	99.0%	**100%**
Northwest transit service area bus service			
– Service Delivery	N/A	99.0%	**99.5%**
– Cleanliness: washed daily	N/A	99.0%	**100%**
Passenger enquiry response time within six working days	N/A	99.0%	**100%**

Note:

1 The figures reflect the actual performance of the East Rail Line for the period between 15 May and 31 December 2024.

MTR conducts regular surveys and research to gauge customer satisfaction levels regarding its services and fares, the results of which are published in the Company's Service Quality Index and Fare Index, respectively.

Service Quality Index	2024	2023
Domestic and Cross-boundary services	72	70
Airport Express	82	83*
Light Rail	71	68
Bus	77	78
HSR	82	88*

Fare Index	2024	2023
Domestic and Cross-boundary services	63	65
Airport Express	74	74*
Light Rail	71	71
Bus	76	77
HSR	76	82*

* *The Voice of Customer surveys for Airport Express and HSR were resumed in the second half of 2023 after the COVID-19 pandemic subsided.*

MTR also belongs to the Community of Metros ("COMET"), which establishes performance benchmarks from urban metro systems around the world with the aim of improving best practices in the industry. The 2023 COMET benchmarking exercise assessed data from 45 metro systems in 41 cities around the world. Results can be found in the "Performance Metrics" section of our sustainability website.

Safety Performance

Safety is our number one priority. As at 31 December 2024, the number of reportable events on our heavy rail and light rail networks had decreased year on year by 25% and 6%, respectively. During the year, we launched numerous safety initiatives on escalators – a primary source of incidents – for the benefit of the general public, especially youth and the elderly. We also implemented the latest version of the "Integrated Speed and Position Monitoring System", a unique, award-winning integrated digital solution for improving operational safety, throughout our light rail network.

Enhancing the Customer Experience

MTR is committed to delivering a world-class customer experience, regularly enhancing its railway assets, and incorporating the latest innovations and technologies to "Go Smart Go Beyond" in its provision of safe, efficient and accessible rail transit.

Boosting Passenger Convenience

In 2024, we continued to enhance our HSR service by adding a number of new destinations, bringing the total number of Mainland cities served to 93. We introduced new sleeper train services to Beijing and Shanghai. An additional 112 weekly train trips were also added to the East Rail, Tseung Kwan O and Tuen Ma lines in 2024.

Upgrade of Automatic Fare Collection System

Our HK$1.3 billion programme to replace more than 2,400 entry/exit gates for the Automatic Fare Collection System throughout our stations continued during the year. The new gates feature a slimmer body for more walkway space, and they support more e-payment options for greater passenger and tourist convenience. Starting from August 2024, customers can use contactless Visa, Mastercard and UnionPay cards at entry/exit gates.

New Trains

We are in the midst of our programme to replace existing trains with newer, more comfortable Q-trains. Overall, we have ordered 93 new heavy rail eight-car trains; as at 31 December 2024, a total of 24 new trains were in use on the Island and Kwun Tong lines. Designs for new Tung Chung Line and Airport Express trains are progressing well. We are also targeting to have new trains and a new signalling system for the Disneyland Resort Line in 2028.

Replacement of Signalling System

We continued to advance the replacement of the existing SACEM signalling system along the Tsuen Wan, Island, Kwun Tong and Tseung Kwan O lines with a communication-based train control signalling system ("CBTC System"). This new system is expected to meet our long-term operational needs by boosting overall carrying capacity. The new signalling system is expected to be implemented on the Tsuen Wan Line in 2026, followed by implementation along the other lines. Overall project completion is expected between 2028 and 2029.

Replacement of Air Conditioning Systems

Also underway is our stage 2 programme to replace 31 chillers with newer, more energy-efficient models, part of our efforts to enhance passenger comfort at stations while also reducing carbon emissions. It is targeted for completion in 2025.

Enhancing Station Facilities

Another of MTR's major asset upgrade initiatives is the Company's programme to install automatic platform gates along the East Rail Line for enhanced passenger experience and safety. A total of about 1,600 gates are being installed in 13 stations between Lo Wu/Lok Ma Chau and Mong Kok East; as at 31 December 2024, works had been completed at 10 stations. The project is expected to be finished in 2025. More than 100 escalators in our stations will be refurbished from 2025 to 2028, and more than 30 escalators will be replaced from 2024 to 2026.

Smart Mobility, Operations and Maintenance

"Go Smart Go Beyond" guides our approach towards all facets of our operations, from employing cutting-edge railway technology to ensuring a user-friendly customer experience. For example, we were proud to introduce the "Virtual Service Ambassador" to Kai Tak, Airport and Austin stations in 2024 after successfully piloting it at Quarry Bay Station. This AI-enabled, voice-controlled virtual assistant responds to passenger enquiries and provides station route guidance in real time. It is expected that we will introduce the Virtual Service Ambassador to more stations in the coming months and years. We also extended coverage of our Train Car Loading Indicator, which provides real-time passenger loading information on Passenger Information Display Systems in stations and the MTR Mobile app, to more lines throughout our network.

Innovation also plays a key role in maintaining, upgrading and operating our world-class railway networks. By using the "dynamic simulation digital twin model" developed by the joint research lab of MTR and the Hong Kong University of Science and Technology, we can now simulate and predict the travel patterns of Hong Kong residents based on changes under various scenarios to help the operations team implement appropriate operational plans. We also launched data analytics and performance dashboards for the Integrated Centralised Platform for managing station facilities.

Hong Kong Transport Services

Station Commercial Businesses

1,579
Station Shops covering
71,236 Square Metres

42,602
Advertising Units

AIM

We seek to create added value for our customers, business partners and shareholders by providing high-quality retail, advertising and telecommunication services throughout our network.

CHALLENGES

Economic concerns and low consumer sentiment continue to impact our station commercial businesses in various ways, including negative rental reversions, lower tourist spending and reduced advertising budgets. We are also in the midst of upgrading our telecommunications infrastructure to meet growing customer demand for faster connections and wider coverage.

STRATEGIES

In 2024, we continued to review our tenant mix to ensure that MTR Shops offerings are in line with retail trends. New marketing initiatives helped draw interest from prospective tenants and drive traffic to station retail outlets. We continued to devise innovative solutions to help advertisers reach consumers in targeted, cost-effective ways. A new commercial system is also being developed to deliver faster mobile communications for customers.

STAKEHOLDER ENGAGEMENT

We continued to optimise our trade mix at station shops based on customer feedback and preferences. Collecting and analysing advanced data enabled us to serve customers and MTR Mobile app users with more personalised retail information and offers. In community outreach, we continued to lease station shops to various NGOs at nominal rents.

OUTLOOK

MTR's station retail and advertising businesses posted year on year improvements in 2024 – the first full year of Cross-boundary Service and HSR since the pandemic – largely on the back of increased rail patronage and higher foot traffic. Results also benefitted from the lower base of comparison set in 2023. However, retail sales in Hong Kong are still struggling to gain traction due to low consumer sentiment and changing spending and travel patterns. Negative rental reversions on renewed rentals and new leases continue to impact the Company's station commercial business. Advertisers are also still cautious about spending in an uncertain economic environment.

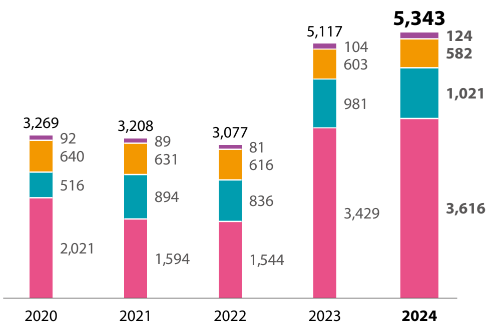
Moving forward, we will strive to maximise the value of our retail rentals while still remaining cognizant of tenants' difficulties in the current market. To help tenants, we will continue rolling out attractive promotions designed to generate foot traffic to station shops, especially via the MTR Mobile app and MTR Points loyalty programme. As always, we will regularly assess our tenant mix to ensure that it is in line with current consumer expectations. Meanwhile, our focus on digital technologies will continue to drive the development of our advertising and telecommunications offerings, including the rollout of robust telecommunications infrastructure to enhance customer satisfaction.

HK$ million	Year ended 31 December 2024	2023	Inc./(Dec.) %
Hong Kong Station Commercial Businesses			
Station Retail Rental Revenue	**3,616**	3,429	5.5
Advertising Revenue	**1,021**	981	4.1
Telecommunication Income	**582**	603	(3.5)
Other Station Commercial Income	**124**	104	19.2
Total Revenue	**5,343**	5,117	4.4
EBITDA	**4,658**	4,557	2.2
EBIT	**3,773**	3,792	(0.5)
EBITDA Margin (in %)	**87.2%**	89.1%	(1.9)% pts.
EBIT Margin (in %)	**70.6%**	74.1%	(3.5)% pts.

Total revenue from all Hong Kong station commercial activities increased by 4.4% to HK$5,343 million in 2024. This was mainly due to improved rental revenue from the station retail business.

Revenue from Hong Kong Station Commercial Businesses

(HK$ million)



Station Retail

Station retail rental revenue rose by 5.5% to HK$3,616 million in 2024, mostly from higher rentals for Duty Free shops. This result was also due to the lower base of comparison set in 2023, when Cross-boundary Service and HSR were reopened in phases over the first two months of the year. Negative rental reversions continued to offset rental gains to a degree. Rental reversion and average occupancy rates for our station kiosks in 2024 were -9.8% and 99.0%, respectively.

We regularly review our tenant mix to ensure it is in line with current trends. To appeal to new brands, we launched a "smart leasing" platform in 2024 that offers prospective tenants online VR tours of shop environments. For existing tenants, we launched numerous campaigns via the MTR Mobile app, advertising and joint promotions to drive traffic and boost sales.

As at 31 December 2024, the lease expiry profile of our station kiosks (including Duty Free shops) by area occupied was such that approximately 36% will expire in 2025, 29% in 2026, 32% in 2027, and 3% in 2028 and beyond.

In terms of trade mix, food and beverage accounted for approximately 38% of the leased area of our station kiosks (excluding Duty Free shops), followed by cake shops at 13%, convenience stores at 13%, passenger services at 12% and others at 24% as at 31 December 2024.

As at 31 December 2024, there were 1,579 station shops occupying 71,236 square metres of retail space, representing a net increase of 10 shops and a net increase of 733 square metres. There were 12 shops being let at nominal rates under our "NGO & Social Enterprise Support Programme".

Advertising

In 2024, revenue from advertising increased by 4.1% to HK$1,021 million. This was mainly attributed to higher cross-boundary traffic as more Mainland Chinese cities became eligible for individual travel and Government ramped up tourism promotions – especially for mega events – leading to more advertising spend in stations. The uncertain local economy and sluggish retail market still impacted advertising revenue despite the introduction of new products and revenue streams, which include new digital zones and networks.

As at 31 December 2024, the number of advertising units in stations and trains had increased to 42,602, primarily because of the revamp of advertising panels. During the year, we introduced new advertising formats, including digital pillars, new digital zones, and an expanded network of digital portrait and landscape displays. Additional "online-merge-offline" ("OMO") offerings and technology-driven advertising campaigns were also launched during the year. In 2024, MTR provided free advertising space to 82 non-profit organisations.

Telecommunications

In 2024, revenue from telecommunications decreased by 3.5% to HK$582 million. All MTR stations now offer 5G services for an enhanced passenger experience, and we are in the midst of developing a new commercial telecommunication system for 24 stations that will support additional 5G services while also providing faster data throughput. Elsewhere, we continue to operate our data centre business in Tseung Kwan O while pursuing further data centre business opportunities.

Hong Kong Property Businesses

13 Projects to Supply Approximately
10,000
Residential Units to the Market

16
Shopping Malls in Our Portfolio

AIM

MTR seeks to contribute to the long-term prosperity of Hong Kong and its communities and create shareholder value through the development, management and rental of quality, integrated residential and commercial projects.

CHALLENGES

Uncertainties in the local and global economies and current interest rate trends continue to affect the residential real estate sector. Meanwhile, a weak retail market and changing consumption patterns are impacting mall traffic, resulting in negative rental reversions.

STRATEGIES

To drive mall traffic and spending in a sluggish retail environment, we continued to roll out a variety of innovative marketing campaigns while ensuring that our tenant mix meets current trends. In property development, we worked hard to ensure project quality while continuing to identify new development opportunities throughout our railway network. We also strove to ensure efficient, effective and sustainable operations in our property management business.

STAKEHOLDER ENGAGEMENT

In 2024, we rolled out a series of promotional activities at MTR Malls, including sales-driven promotions, music shows and festive decorations. We closely reviewed our tenant mix and created targeted customer promotions via data collection and analysis, ensuring that our mall offerings are meeting customer expectations. We also continued to monitor market conditions closely and develop a property tendering and development programme designed to help meet Hong Kong's long-term housing and economic development goals.

OUTLOOK

In the wake of the pandemic, budget-conscious Hong Kong consumers have been making more cross-boundary trips for shopping, dining and leisure, while Mainland Chinese tourists are spending less in retail outlets and more on experiential activities. It remains to be seen how long this trend will continue. In the meantime, we will keep launching promotional campaigns designed to boost traffic and spending in MTR Malls, including digital promotions via the MTR Mobile app and MTR Points loyalty programme. As the populations around many of our malls continue to grow, the full potential of these properties has yet to be unleashed.

Property market performance remains subject to the health of the local and global economies as well as interest rates. Depending on market conditions, we expect to tender Tung Chung East Station Package 2 and Tuen Mun A16 Station Package 1 in the coming 12 months or so. Pre-sale consents have been obtained for THE SOUTHSIDE Package 5, LOHAS Park Package 13, Yau Tong Ventilation Building property development and Tin Wing Stop Phase 2, while an application is in place for THE SOUTHSIDE Package 6. Subject to the progress of construction and sales, we expect to book property development profit from THE SOUTHSIDE packages 3 and 5, Ho Man Tin Station packages 1 and 2, and LOHAS Park Package 12 in 2025.

Property Rental and Management

HK$ million	Year ended 31 December		Inc./(Dec.) %
	2024	2023	
Hong Kong Property Rental and Management Businesses			
Revenue from Property Rental	**5,076**	4,795	5.9
Revenue from Property Management	**303**	284	6.7
Total Revenue	**5,379**	5,079	5.9
EBITDA	**4,195**	4,016	4.5
EBIT	**4,169**	3,999	4.3
EBITDA Margin (in %)	**78.0%**	79.1%	(1.1)% pts.
EBIT Margin (in %)	**77.5%**	78.7%	(1.2)% pts.

Property Rental

In 2024, property rental revenue increased by 5.9% year on year to HK$5,076 million. This was mainly due to additional contributions from the Company's two new shopping malls, The Wai and THE SOUTHSIDE, which commenced operation in the second half of 2023, and lower amortisation of rental concessions charged to the statement of profit or loss.

In December 2024, we celebrated the first anniversary of THE SOUTHSIDE, our lifestyle mall located above Wong Chuk Hang Station, serving the community. It features about 130 merchants over five retail floors and a total floor area of approximately 47,000 square metres.

During the year, we once again launched an array of marketing promotions to help drive traffic and spending at MTR Malls. To celebrate the 27th anniversary of the establishment of the Hong Kong SAR, the Company distributed 60,000 MTR Malls e-coupons to registered MTR Mobile app users and gave away rewards worth more than HK$23 million between June and September.

Driven by the weak retail market and changing consumption patterns, MTR shopping malls in Hong Kong recorded a rental reversion of -8.9% and an average occupancy rate of 99% in 2024. The average occupancy rate for the Company's 18 floors in Two International Finance Centre was 93%.

As at 31 December 2024, the lease expiry profile of our shopping malls by area occupied was such that approximately 26% will expire in 2025, 32% in 2026, 27% in 2027, and 15% in 2028 and beyond.

In terms of trade mix, as at 31 December 2024, food and beverage accounted for approximately 31% of the leased area of our shopping malls, followed by fashion, beauty and accessories at 22%, services at 19%, leisure and entertainment at 18%, and department stores and supermarkets at 10%.

Investment Property Portfolio in Hong Kong (as at 31 December 2024)

Location	Type	Lettable floor area *(sq. m)*	No. of parking spaces	Company's economic interest
Telford Plaza I, Kowloon Bay, Kowloon	Shopping Centre Car Park	39,331 –	– 993	100% 100%
Telford Plaza II 7 – 8/F, Kowloon Bay, Kowloon	Shopping Centre	2,059	–	100%
Telford Plaza II 3 – 6/F, Kowloon Bay, Kowloon	Shopping Centre Car Park	18,253 –	– 136	100% 100%
Luk Yeung Galleria, Tsuen Wan, New Territories	Shopping Centre Car Park	11,143 –	– 651	100% 100%
Paradise Mall, Heng Fa Chuen, Hong Kong	Shopping Centre Wet Market Kindergarten Car Park	15,484 1,216 2,497 –	– – – 415	100% 100% 100% 100%
Maritime Square 1, Tsing Yi	Shopping Centre Kindergarten Car Park Motorcycle Park	28,606 920 – –	– – 220 50	100% 100% 100% 100%
Maritime Square 2, Tsing Yi	Shopping Centre Car Park Motorcycle Park	6,448 – –	– 65 21	100% 100% 100%
The Lane, Hang Hau	Shopping Centre Car Park Motorcycle Park	2,629 – –	– 16 1	100% 100% 100%
PopCorn 2, Tseung Kwan O	Shopping Centre Car Park	8,456 –	– 50	100% 100%
PopCorn 1, Tseung Kwan O	Shopping Centre Car Park Motorcycle Park	12,174 – –	– 115 16	50% 50% 50%
G/F, No. 308 Nathan Road, Kowloon	Shop Unit	70	–	100%
G/F, No. 783 Nathan Road, Kowloon	Shop Unit	36	–	100%
New Kwai Fong Gardens, Kwai Chung, New Territories	Kindergarten Car Park	540 –	– 126	100% 100%
International Finance Centre ("ifc"), Central, Hong Kong – Two ifc – One and Two ifc	 Office Car Park	 39,451 –	 – 1,308	 100% 51%
Phase I, Carpark Building, Kornhill, Quarry Bay, Hong Kong	Car Park	–	292	100%
Roof Advertising Signboard, Admiralty Centre, No. 18 Harcourt Road, Hong Kong	Advertising Signboard	–	–	100%
Ten Shop Units, First Floor Podium, Admiralty Centre, No. 18 Harcourt Road, Hong Kong	Shop Unit	286	–	50%
Olympian City One, Tai Kok Tsui, Kowloon	Indoor Sports Hall	13,512	–	100%
Olympian City Two, Tai Kok Tsui, Kowloon	Shop Unit	1,096	–	100%
Choi Hung Park & Ride Public Car Park, No. 8 Clear Water Bay Road, Choi Hung, Kowloon	Car Park Motorcycle Park Park & Ride	– – –	54 10 450	100% 100% 100%
Elements, No. 1 Austin Road West, Kowloon	Shopping Centre Car Park	45,090 –	– 898	81% 81%
Cross Border Coach Terminus, No. 1 Austin Road West, Kowloon	Coach Terminus	5,113	–	100%
Kindergarten, No. 1 Austin Road West, Kowloon	Kindergarten	1,045	–	81%
Plaza Ascot, Fo Tan	Shopping Centre Car Park	7,720 –	– 67	100% 100%
Royal Ascot, Fo Tan	Residential Car Park	2,356 –	– 20	100% 100%
Ocean Walk, Tuen Mun	Shopping Centre Car Park	6,192 –	– 32	100% 100%
Sun Tuen Mun Shopping Centre, Tuen Mun	Shopping Centre Car Park	9,022 –	– 421	100% 100%
Hanford Plaza, Tuen Mun	Shopping Centre Car Park	1,924 –	– 22	100% 100%
Retail Floor and 1 – 6/F, Citylink Plaza, Shatin	Shopping Centre	12,127	–	100%
The Capitol, LOHAS Park, Tseung Kwan O	Shop Unit Residential Care Home for the Elderly	391 2,571	– –	100% 100%
Le Prestige, LOHAS Park, Tseung Kwan O	Kindergarten Car Park	800 –	– 2	100% 100%

Investment Property Portfolio in Hong Kong (as at 31 December 2024) *(continued)*

Location	Type	Lettable floor area *(sq. m)*	No. of parking spaces	Company's economic interest
The Riverpark, No. 8 Che Kung Miu Road, Shatin	Shop Unit Kindergarten Car Park	154 708 –	– – 5	100% 100% 100%
Hemera, LOHAS Park, Tseung Kwan O	Kindergarten	985	–	100%
The LOHAS, Tseung Kwan O	Shopping Centre Kindergarten Car Park Motorcycle Park	27,804 1,141 – –	– – 333 33	100% 100% 100% 100%
MONTARA, LOHAS Park, Tseung Kwan O	Car Park	–	162	100%
SEA TO SKY, LOHAS Park, Tseung Kwan O	Car Park	–	52	100%
MARINI, LOHAS Park, Tseung Kwan O	Kindergarten Car Park	729 –	– 103	100% 100%
The Wai, 18 Che Kung Miu Road, Tai Wai	Shopping Centre Car Park Motorcycle Park	32,920 – –	– 390 39	100% 100% 100%
THE SOUTHSIDE, Wong Chuk Hang	Shopping Centre Car Park Motorcycle Park	25,944 – –	– 235 12	100% 100% 100%

All properties are held by the Company and its subsidiaries under Government Leases for over 50 years except for:

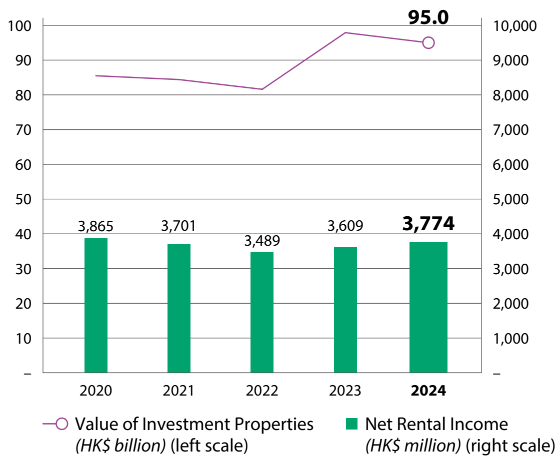
- *Telford Plaza I and II, Luk Yeung Galleria, Maritime Square 1 and 2, New Kwai Fong Gardens, ifc, Olympian City, Elements, Cross Border Coach Terminus and Kindergarten at No. 1 Austin Road West, Plaza Ascot, Royal Ascot, Ocean Walk, Sun Tuen Mun Shopping Centre and Hanford Plaza where the Government Leases expire on 30 June 2047*
- *Choi Hung Park & Ride where the Government Lease expires on 11 November 2051*
- *The Lane where the Government Lease expires on 21 October 2052*
- *PopCorn 2 where the Government Lease expires on 27 March 2052*
- *LOHAS Park where the Government Lease expires on 15 May 2052*
- *Citylink Plaza where the Government Leases expire on 1 December 2057*
- *The Shop Units and Kindergarten of The Riverpark where the Government Lease expires on 21 July 2058*
- *THE SOUTHSIDE where the Government Lease expires on 11 June 2067*

Properties Held for Sale (as at 31 December 2024)

Location	Type	Gross floor area *(sq. m.)*	No. of parking spaces	Company's economic interest
Olympian City One, No. 11 Hoi Fai Road, Kowloon	Shopping Centre Car Park	6,026* –	– 330	40% 40%
Bank of China Centre, No. 11 Hoi Fai Road, Kowloon	Car Park	–	117	40%
The Arch, No. 1 Austin Road West, Kowloon	Residential Car Park	– –	– 11	1% 1%
Harbour Green, No. 8 Sham Mong Road, Kowloon	Kindergarten	1,299	–	50%
Residence Oasis, No. 15 Pui Shing Road, Hang Hau, Tseung Kwan O	Motorcycle Park	–	4	71%
The Grandiose, No. 9 Tong Chun Street, Tseung Kwan O	Motorcycle Park	–	24	70%
Wings at Sea and Wings at Sea II, LOHAS Park, Tseung Kwan O	Residential Car Park	700** –	– 95	20.1% 20.1%
MALIBU, LOHAS Park, Tseung Kwan O	Car Park	–	26	47%
LP6, LOHAS Park, Tseung Kwan O	Car Park	–	171	63.3%
LP10, LOHAS Park, Tseung Kwan O	Residential Car Park	8,671** –	– 65	20% 20%
SOUTHLAND, THE SOUTHSIDE, Wong Chuk Hang	Residential Car Park Motorcycle Park	3,623** – –	– 68 4	35% 35% 35%
La Marina, THE SOUTHSIDE, Wong Chuk Hang	Residential Car Park Motorcycle Park	3,165** – –	– 29 –	30% 30% 30%
The Palazzo, No. 28 Lok King Street, Shatin	Retail Car Park Motorcycle Park	2,000 – –	– 9 5	55% 55% 55%
Festival City, No. 1 Mei Tin Road, Shatin	Car Park	–	69	100%
Lake Silver, No. 599 Sai Sha Road, Shatin	Car Park	–	2	92.88%
The Riverpark, No. 8 Che Kung Miu Road, Shatin	Car Park	–	2	87%
THE PAVILIA FARM I, No. 18 Che Kung Miu Road, Shatin	Residential Car Park Motorcycle Park	925** – –	– 85 15	68.3% 68.3% 68.3%
THE PAVILIA FARM II, No. 18 Che Kung Miu Road, Shatin	Residential Car Park Motorcycle Park	765** – –	– 206 24	68.3% 68.3% 68.3%

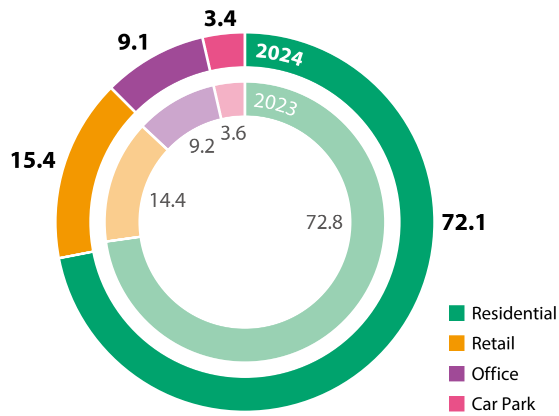
* *Lettable floor area*
** *Saleable area*

Investment Properties in Hong Kong



Distribution of Hong Kong Property Management Income

(Percentage)



As at 2024 year-end, the Company's attributable share of investment properties in Hong Kong was 315,242 square metres of lettable floor area for retail properties, 39,451 square metres of lettable floor area for offices and 19,206 square metres of property for other use.

Property Management

Property management revenue in Hong Kong increased by 6.7% to HK$303 million year on year. As at 31 December 2024, MTR managed more than 122,000 residential units and over 920,000 square metres of office and commercial space in Hong Kong.

Property Development and Tendering

Hong Kong property development profit (post-tax) for 2024 was HK$10,235 million, mainly derived from LOHAS Park Package 11, Ho Man Tin Station Package 1, and THE SOUTHSIDE packages 1, 2, 4 and 5.

Pre-sales and Sales Activities

The year under review saw a number of presale launches. For Ho Man Tin Station packages, pre-sales for ONMANTIN (Package 1 phases IIA and IIB) were launched in April 2024 and were 72% sold as at 31 December 2024. Pre-sales also continued for IN ONE (Package 2 phases IA, IB and IC), which were 23%, 98% and 86% sold, respectively, as at year-end.

For LOHAS Park packages, pre-sales for SEASONS PLACE and PARK SEASONS (Package 12) were launched in March and April 2024, respectively, and 90% and 54% of units were sold, respectively, as at 31 December 2024. Meanwhile, pre-sales continued for Villa Garda I, II and III (Package 11), which were 79%, 24% and 35% sold, respectively, as at year-end.

At THE SOUTHSIDE, pre-sales for Blue Coast and Blue Coast II (Package 3 phases 3B and 3C) were launched in April and October 2024, respectively, and 89% and 51% of units were sold, respectively, as at 31 December 2024. Pre-sales also continued for La Montagne (Package 4 Phase 4A), with 13% of units sold as at year-end. SOUTHLAND (Package 1) and La Marina (Package 2) were 94% and 96% sold, respectively.

At YOHO WEST (Tin Wing Stop Phase 1), 87% of units were sold as at the end of the reporting year. Presale consents were obtained for THE SOUTHSIDE Package 5 (phases 5A and 5B) in October 2024, LOHAS Park Package 13 (phases XIIIA and XIIIB) in November 2024, Yau Tong Ventilation Building property development and Tin Wing Stop Phase 2 in February 2025, respectively. Application for presale consent for THE SOUTHSIDE Package 6 is in progress.

For West Rail properties, where we act as agent for relevant subsidiaries of KCRC, sales activities continued for the Cullinan West development (Nam Cheong Station). As at 31 December 2024, units of The YOHO Hub and The YOHO Hub II (Yuen Long Station) were 43% and 80% sold, respectively. Units of GRAND MAYFAIR I and II (Kam Sheung Road Station Package 1) were 99% and 82% sold, respectively, as at year-end.

Property Development Packages Awarded and In Progress

Location	Developers	Type	Gross floor area (sq. m.)	Tender award date	Expected completion date
Ho Man Tin Station					
ONMANTIN	Great Eagle Group	Residential	69,000	December 2016	By phases in 2025
IN ONE	Chinachem Group	Residential	59,400	October 2018	By phases in 2025
LOHAS Park Station					
Villa Garda	Sino Land Company Limited, K. Wah International Holdings Limited and China Merchants Land Limited	Residential	88,858	April 2019	Completed in 2024
SEASONS PLACE/ PARK SEASONS/ GRAND SEASONS	Wheelock and Company Limited	Residential	89,290	February 2020	By phases in 2025
Package 13	Sino Land Company Limited, Kerry Properties Limited, K. Wah International Holdings Limited and China Merchants Land Limited	Residential	143,694	October 2020	By phases in 2026
Tai Wai Station					
THE PAVILIA FARM	New World Development Company Limited	Residential	190,480	October 2014	Phase I and II completed in 2022 Phase III to be confirmed
		Retail	60,620*		Completed in 2022
Tin Wing Stop					
YOHO WEST	Sun Hung Kai Properties Limited	Residential Retail	91,051 205	February 2015	By phases from 2024 to 2025
Wong Chuk Hang Station (THE SOUTHSIDE)					
Blue Coast/Blue Coast II	CK Asset Holdings Limited	Residential Retail	92,900 47,000	August 2018	By phases in 2025 Completed in 2023
La Montagne	Kerry Properties Limited, Swire Properties Limited and Sino Land Company Limited	Residential	59,300	October 2019	Completed in 2024
Package 5	New World Development Company Limited, Empire Development Hong Kong (BVI) Limited, CSI Properties Limited and Lai Sun Development Company Limited	Residential	59,100	January 2021	2026
Package 6	Wheelock Properties Limited	Residential	46,800	April 2021	2028
Yau Tong Ventilation Building					
Yau Tong Ventilation Building	Sino Land Company Limited and CSI Properties Limited	Residential	30,225	May 2018	2026
Pak Shing Kok Ventilation Building					
Pak Shing Kok Ventilation Building	New World Development Company Limited and China Merchants Land Limited	Residential	27,006	April 2022	2031
Tung Chung Traction Substation					
Tung Chung Traction Substation	Chinachem Group	Residential	87,288	July 2022	2031
Tung Chung East Station					
Package 1	Nan Fung Group Holdings Limited	Residential	30,000	December 2024	2031
Kam Sheung Road Station#					
GRAND MAYFAIR	Sino Land Company Limited, China Overseas Land & Investment Limited and K. Wah International Holdings Limited	Residential	114,896	May 2017	By phases from 2024 to 2025

\# *as a development agent for the relevant subsidiaries of KCRC*
* *excluding a bicycle park with cycle track*

Property Development Packages to be Awarded[1]

Location	Type	Gross floor area *(sq. m.)*	Period of package tenders	Expected completion date
Oyster Bay	Residential Retail Kindergarten	826,000 30,000 4,500	2026 – 2036	2030 – 2042
Tung Chung East Station	Mixed-use Development	598,400	2025 – 2029	2032 – 2036
Tuen Mun A16 Station[2]	Mixed-use Development	397,700	2025 – 2030	To be confirmed
Kwu Tung Station[2]	Mixed-use Development	303,300	To be confirmed	To be confirmed
Hung Shui Kiu Station[2]	Mixed-use Development	574,100	To be confirmed	To be confirmed

Notes:

1 *Property development packages for which we are acting as development agent for the relevant subsidiaries of KCRC are not included.*

2 *These property development packages are subject to review in accordance with land grant conditions and completion of statutory processes.*

West Rail Property Development Plan

The Company acts as development agent for West Rail property projects.

Station/Site	Site Area *(hectares)*	Actual/Expected tender award date	Actual/Expected completion date
Property Development Packages Awarded			
Tuen Mun	2.65	August 2006	By phases from 2012 – 2014
Tsuen Wan West (TW7)	2.37	September 2008	2014
Nam Cheong	6.18	October 2011	By phases from 2017 – 2019
Long Ping (North)	0.99	October 2012	2017
Tsuen Wan West (TW5) Cityside	1.34	January 2012	2018
Tsuen Wan West (TW5) Bayside	4.29	August 2012	2018
Tsuen Wan West (TW6)	1.38	January 2013	2018
Long Ping (South)	0.84	June 2013	2019
Yuen Long	3.91	August 2015	By phases from 2022 – 2023
Kam Sheung Road Package 1	4.17	May 2017	By phases from 2024 – 2025
	28.12		
Property Development Packages to be Awarded			
Kam Sheung Road Package 2	About 5.17	Under review	Under review
Pat Heung Maintenance Centre	About 23.56	Under review	Under review
	28.73		
Total	**56.85**		

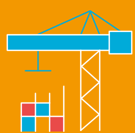
Property Tendering

In December 2024, we awarded the Tung Chung East Station Package 1 to a subsidiary of Nan Fung Group Holdings Limited. Meanwhile, we continue to monitor market conditions closely and review our tendering programme as needed.

Expanding the Property Portfolio

As at 31 December 2024, the Company had 13 residential projects that together will deliver approximately 10,000 units to the market. We are currently working on development sites for railway expansion projects including 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. We also continue to explore other sites with development potential along our existing and future railway lines. At Government's invitation, we submitted study reports on the development potential of the proposed Pak Shek Kok Station in the first half of 2024. Also at Government's invitation, we are conducting a study to develop the waterfront and former pier sites to the south of Hung Hom Station into a new harbourfront landmark. We will continue to closely communicate with relevant government departments and follow up as appropriate.

Hong Kong Network Expansion



Main Construction Works Continued for
Tung Chung Line Extension,
Oyster Bay Station,
Kwu Tung Station on the East Rail Line
and Tuen Mun South Extension

Signed the Project Agreement for
Hung Shui Kiu Station

AIM

MTR seeks to connect more communities, foster sustainable economic development and ensure the future success of its "Hong Kong Core", one of its strategic growth pillars, by designing and building new, world-class railway projects throughout the city.

CHALLENGES

We are currently working to progress Hong Kong's next phase of railway development, including projects under Railway Development Strategy 2014 ("RDS 2014"), the Northern Metropolis Development Strategy and the "Hong Kong Major Transport Infrastructure Development Blueprint" ("the Blueprint"). Challenges to these efforts include constructing new extensions and stations on operating lines, the need to carry out works at night during non-traffic hours and interfacing with nearby new developments.

STRATEGIES

MTR is committed to "Go Beyond Boundaries" to ensure the delivery of safe, efficient, accessible and low-carbon railway services. We continue to incorporate the latest innovations and technologies in the industry to help us meet or exceed globally established standards for project design, construction and management as well as sustainable operations.

STAKEHOLDER ENGAGEMENT

We are working closely with Government on current and potential new railway projects designed to connect communities with safe and reliable mass transit services while also stimulating economic growth and opportunity. We also regularly liaise with and offer support to local communities regarding our railway development projects in progress. Activities include organising community and school liaison group meetings, stakeholder site visits, exhibitions and game booths, and talks and workshops for students.

OUTLOOK

We are now in the midst of an exciting new era for railway development in Hong Kong. Construction works are progressing on the Tung Chung Line Extension, Oyster Bay Station, Kwu Tung Station on the East Rail Line, the Tuen Mun South Extension and Hung Shui Kiu Station. Each project is being funded through our "Rail plus Property" business model, which is designed to enable the simultaneous development of cost-efficient infrastructure and railway-linked communities. In these and other projects, we will continue to support Government's policy by connecting communities and strengthening links between Hong Kong and the Greater Bay Area.

In 2024, MTR continued major construction works on a number of strategic railway projects designed to promote the sustainable, long-term growth of existing and emerging population centres in Hong Kong. We strive to "Go Beyond Boundaries" for all new projects, leveraging our considerable expertise in railway development to connect communities with world-class, environmentally friendly mass transit services that also spur economic development, integrate Hong Kong more closely with the flourishing Greater Bay Area and support Government's strategy of using railways as the backbone of the public transport system.

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 project that will serve new town extensions in the Tung Chung East new reclamation area and Tung Chung West while also enhancing connectivity in Lantau North and supporting sustainable long-term population and economic growth. The year under review saw on-going construction for Tung Chung East Station and Tung Chung West Station. We also completed the launching shaft in 2024 for commencement of tunnel boring works for the Tung Chung West section in early 2025. This project is being funded by the financial contribution from the "Rail plus Property" development model and the Company's internal resources. Completion is targeted for 2029.

Tuen Mun South Extension

In September 2023, MTR signed the Project Agreement with Government for the financing, design, construction, operation and maintenance of the Tuen Mun South Extension, a project that involves extending the Tuen Ma Line southward by approximately 2.4 km from Tuen Mun Station by way of a viaduct as well as building two new stations: an intermediate station at Area 16 and a new terminal station at Tuen Mun South near the Tuen Mun Ferry Terminal. In 2024, we continued to make progress on foundation works for A16 Station, Tuen Mun South Station and the connecting viaduct. Construction is expected to be completed in 2030. The project is being funded by financial contributions from the "Rail plus Property" development model and the Company's internal resources.

Kwu Tung Station on the East Rail Line

In September 2023, the Company signed the Project Agreement with Government for the financing, design, construction, operation and maintenance of Kwu Tung Station on the East Rail Line, which will be situated in the centre of the future Kwu Tung North New Development Area between Lok Ma Chau and Sheung Shui stations. In 2024, we successfully completed main station excavation works above the existing tunnel structure and commenced construction of the station structure. Completion of the station is expected in 2027. The project is being funded by financial contributions from the "Rail plus Property" development model and the Company's internal resources.

	Tung Chung Line Extension	Tuen Mun South Extension	Kwu Tung Station on the East Rail Line	Hung Shui Kiu Station	Oyster Bay Station
Number of Stations	2 (Tung Chung East Station and Tung Chung West Station)	2 (A16 Station and Tuen Mun South Station)	1	1	1
Route Length	About 2.5 km	About 2.4 km	–	–	–
Project Funding	Rail plus Property	Rail plus Property	Rail plus Property	Rail plus Property	Rail plus Property
Construction Commencement Year	2023	2023	2023	2024	2023
Targeted Completion Year	2029	2030	2027	2030	2030

Hung Shui Kiu Station

In September 2024, the Company signed the Project Agreement with Government for the financing, design, construction, operation and maintenance of Hung Shui Kiu Station. Hung Shui Kiu Station is a new station to be located on the Tuen Ma Line between Tin Shui Wai and Siu Hong stations, where it will serve the future Hung Shui Kiu/Ha Tsuen New Development Area in the western part of the Northern Metropolis. Modifications to the existing Tuen Ma Line viaduct are currently underway to accommodate construction of the new station, which is expected to be completed in 2030. This project is being funded by the financial contribution 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 Oyster Bay Station, located at Siu Ho Wan between Sunny Bay and Tung Chung stations. We are currently carrying out cable diversion, piling and railway protection works for the project, which will enhance connectivity in Lantau North and cater to the transport needs of the future population of Oyster Bay.

Supporting New Railway Projects

The scheme for the Northern Link Main Line was gazetted under the Railways Ordinance in October 2023, and we are now fulfilling pre-construction statutory procedures with the target of project completion by 2034. The Company is still in discussions with Government and has yet to enter into a Project Agreement for the Northern Link Main Line. Government has announced its intention to proceed with MTR 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. We also continue to provide full support to Government as required for the development of the South Island Line (West) and Northern Link Spur Line.

Meanwhile, we continue to provide our full support for the railway initiatives under the "Hong Kong Major Transport Infrastructure Development Blueprint" ("the Blueprint"), which was announced by Government in 2023. The Blueprint includes the Central Rail Link, Tseung Kwan O Line Southern Extension and two additional new railway projects, the Northern Link Eastern Extension and Northeast New Territories Line. In addition, we are carrying out research on construction works for the proposed new Pak Shek Kok Station on the East Rail Line. We are also closely monitoring the progress of the Hong Kong–Shenzhen Western Rail Link and the smart and green mass transit projects in areas such as East Kowloon, Kai Tak, Hung Shui Kiu and Ha Tsuen and providing full support where needed.

Mainland China and International Businesses

8
Railway Services as at 31 December 2024

2.52 billion
Total Patronage Outside of Hong Kong

AIM

Our Mainland China and international businesses support our future growth by providing diversified revenue streams. They are also valuable channels for exporting our brand and railway know-how to geographies outside of Hong Kong, and they enable us to serve as an ambassador for the city and its many achievements.

CHALLENGES

MTR works under different investment models in Mainland China and international markets, which can pose unique operational and financial challenges. Meanwhile, competition in overseas markets continues to increase.

STRATEGY

We are working hard to deliver world-class service in all the markets outside of Hong Kong where we operate, generating revenue while bolstering the MTR and Hong Kong brands globally. We also continue to pursue growth in Mainland China – particularly the Greater Bay Area – as well as overseas via new public-private partnership ("PPP") infrastructure projects, transit-oriented development ("TOD") opportunities and other railway-related business, including asset replacement, maintenance and station commercial business opportunities.

STAKEHOLDER ENGAGEMENT

During the year under review, we regularly engaged with local governments and stakeholders through a variety of channels regarding our performance and the services we provide. We continued to participate in conferences and events around the world to gain the latest market insights and promote MTR's business model and extensive experience in providing safe, reliable and efficient railway services. We also worked closely with local suppliers to ensure quality procurement that supports our global operations efficiently, ethically and sustainably.

OUTLOOK

New line openings and extended service concessions are expected to contribute additional revenue and profit for our Mainland China and international businesses, partially compensating for the impact brought by those concessions that are expiring in the near term. Meanwhile, patronage in the post-pandemic era continues to rise, although the extent to which this benefits us depends largely on the service agreements in place for each market. Moving forward, we will continue to explore opportunities outside Hong Kong, including TOD and PPP projects as well as station commercial opportunities, to maximise the potential of this important business pillar.

In addition to its Hong Kong businesses, MTR builds, operates and maintains world-class railway networks in Mainland China, Europe and Australia. In 2024, we along with our subsidiaries, associates and joint ventures served a total of approximately 2.52 billion passengers outside of Hong Kong, averaging around 8 million per weekday.

	Mainland China and International Businesses								
	Mainland China and Macao Railway, Property Rental and Property Management Businesses			International Railway Businesses			Total		
Year ended 31 December HK$ million	**2024**	2023	Inc./(Dec.) %	**2024**	2023	Inc./(Dec.) %	**2024**	2023	Inc./(Dec.) %
Recurrent Businesses									
Subsidiaries									
Revenue	**2,589**	1,974	31.2	**22,878**	23,981	(4.6)	**25,467**	25,955	(1.9)
EBITDA	**171**	286	(40.2)	**1,485**	786	88.9	**1,656**	1,072	54.5
EBIT	**(88)**	(42)	(109.5)	**1,311**	566	131.6	**1,223**	524	133.4
EBITDA Margin (in %)	**6.6%**	14.5%	(7.9)% pts.	**6.5%**	3.3%	3.2% pts.	**6.5%**	4.1%	2.4% pts.
EBIT Margin (in %)	**(3.4)%**	(2.1)%	(1.3)% pts.	**5.7%**	2.4%	3.3% pts.	**4.8%**	2.0%	2.8% pts.
Recurrent Business (Loss)/Profit (Net of Non-controlling Interests)	**(131)**	**(101)**	**(29.7)**	**743**	**(33)**	**n/m**	**612**	**(134)**	**n/m**
Associates and Joint Ventures									
Share of Profit	**774**	**707**	**9.5**	**126**	**50**	**152.0**	**900**	**757**	**18.9**
Total Recurrent Business Profit (before Business Development Expenses and Special Loss Provisions*)	**643**	**606**	**6.1**	**869**	**17**	**n/m**	**1,512**	**623**	**142.7**
Profit/(Loss) Attributable to Shareholders of the Company for the Year									
– Arising from Recurrent Businesses (before Business Development Expenses and Special Loss Provisions*)							**1,512**	**623**	**142.7**
– Business Development Expenses							**(283)**	(260)	(8.8)
– Arising from Recurrent Businesses (after Business Development Expenses but before Special Loss Provisions*)							**1,229**	**363**	**238.6**
– Special Loss Provisions*							**–**	(1,022)	n/m
– Arising from Recurrent Businesses (after Business Development Expenses and Special Loss Provisions*)							**1,229**	**(659)**	**n/m**
– Arising from Mainland China Property Development							**30**	48	(37.5)
– Arising from Underlying Businesses							**1,259**	**(611)**	**n/m**

n/m: not meaningful

* *Special loss provisions represent provisions for onerous contracts made for Stockholms pendeltåg and Mälartåg regional traffic totalling HK$1,022 million in 2023*

Excluding Mainland China property development, our railway, property rental and management subsidiaries (after business development expenses), together with our associates and joint ventures outside of Hong Kong, contributed a net after-tax profit of HK$1,229 million in 2024 on an attributable basis, an increase over the net after-tax profit (before special loss provisions) of HK$363 million recorded in 2023.

In Mainland China and Macao, recurrent business loss from railway, property rental and property management subsidiaries was HK$131 million in 2024. This was mainly due to the one-time loss arising from the disposal of the Ginza Mall operations in May 2024, which was partially offset by improved performance in our railway businesses. Our share of profits from our Mainland China businesses associates and joint ventures increased by 9.5% to HK$774 million in 2024, primarily because of improved patronage.

In our international businesses, recurrent business profit from our railway subsidiaries was HK$743 million in 2024. The improvement was mainly because of a reduction in losses recognised for Stockholms pendeltåg and Mälartåg in 2024 – as special loss provisions were recognised in 2023 in relation to the early termination of these services' concessions in March and June 2024, respectively – as well as improved contribution from our UK concessions. Our share of profits from our international business associates and joint ventures increased to HK$126 million in 2024, mainly due to improved contributions from our Australia businesses.

Railway Businesses in Mainland China

Beijing

In Beijing, our associate operates Beijing Metro Line 4, the Daxing Line, Beijing Metro Line 14, Beijing Metro Line 16 ("BJL16"), and the Southern and Northern Sections of Beijing Metro Line 17 ("BJL17"). Patronage across these lines increased to 742 million during the year compared to 2023, and average weekday patronage was 2.25 million. Average on-time performance was 99.9%, with all lines achieving stable operations.

The openings of the final section of BJL16 and the Northern Section of BJL17, both in December 2023, have greatly enhanced connectivity for commuters. The full 48.9-km BJL16 is a backbone of Beijing's metro network, serving commuters in key development areas of the city's north and south. Following the opening of BJL17's 24.9-km Northern Section, the line now connects Beijing Future Science and Technology City with several large residential areas and commercial districts. The remaining middle section is under construction.

Shenzhen

Shenzhen Metro Line 4

Shenzhen Metro Line 4 ("SZL4"), including the SZL4 North Extension, is operated by our wholly owned subsidiary. The line maintained stable operations in 2024, and on-time train service performance exceeded 99.9%. Patronage increased by 13% year on year to 242 million passengers, while average weekday patronage was 680,000.

As we have previously reported, there has been no fare increase for SZL4 since we began operating the line in 2010. We expect that the mechanism and procedures for fare adjustments will take time to implement and that patronage will remain at a lower level for longer than expected. If a suitable fare increase and adjustment mechanism are not implemented soon, the long-term financial viability of this line will be impacted.

Shenzhen Metro Line 13

The initial section of Shenzhen Metro Line 13 ("SZL13") Phase 1 commenced passenger service in December 2024. This is the first metro line in Shenzhen to extend to the Shenzhen Bay Checkpoint, enhancing connectivity to the Shenzhen Hi-tech Industrial Park in Nanshan District. Other sections of SZL13 remain under construction as planned.

Hangzhou

Hangzhou Metro Line 1 and Its Extensions

Hangzhou Metro Line 1 ("HZL1"), the Xiasha Extension and Airport Extension achieved stable operations in 2024 with on-time performance exceeding 99.9%. Patronage for these lines increased by 5% year on year to 324 million, while average weekday patronage was 890,000.

As previously mentioned, HZL1 has been loss-making in recent years due to slow patronage growth and the pandemic. Because there is no patronage protection mechanism under this concession agreement, the line's long-term financial viability will be impacted if patronage remains at a lower level over a further period of time, especially when compounded by the lower average fare resulting from the expanded network.

Hangzhou Metro Line 5

In 2024, total patronage for Hangzhou Metro Line 5 increased by 9% year on year to 244 million, while average weekday patronage was 730,000. The line maintained stable on-time performance in 2024.

Property and Other Businesses in Mainland China

Shopping Malls

As previously reported, the Company is studying possible strategic options for its malls in Mainland China in light of challenging retail market conditions. As a result of this process, we exited the Ginza Mall business in Beijing in May 2024. In Shenzhen, foot traffic at TIA Mall continued its gradual recovery in 2024, and the mall's average occupancy rate was 59%. In Tianjin, structural works for the shopping mall at Beiyunhe Station were completed in December 2024, and preparation works commenced for anticipated opening after 2026. We will continue to evaluate appropriate options for these properties, taking into consideration the prevailing market dynamics.

Transit-Oriented Development ("TOD") Projects and Consultancy

In 2024, we continued to make progress on the Hangzhou West Station TOD project. We are also providing TOD consultancy services for the Shenzhen Xili Station Comprehensive Transportation Hub, Beijing Sub-Centre Station Comprehensive Transportation Hub and Foshan Exhibition Centre East Station.

Station Commercial Business

We continue to progress our station commercial business in Chengdu as part of our joint venture with Chengdu Rail Transit Group. Meanwhile, a joint venture with Zhengzhou Metro Group was established in October 2024 for MTR to expand its station commercial business to Zhengzhou. We are also exploring similar opportunities in other cities, including Xian and Guangzhou.

Macao

Our service contract for the operations and maintenance of the Macao Light Rapid Transit Taipa Line and the corresponding service agreements ended in December 2024. Project management and technical support services for the Taipa Line Extension to Barra, the Seac Pai Van Line and Hengqin Line were completed at the end of 2024.

International Railway Businesses

United Kingdom

Elizabeth Line

The Elizabeth line achieved stable operations during the year under review. Our concession for this line will end in May 2025.

South Western Railway

The South Western Railway achieved stable operations in 2024 despite industry-wide strike actions causing occasional service interruptions. Under the existing National Rail Contract for the South Western Railway, the Department for Transport retains all revenue risk and substantially all cost risk. This contract will end in May

2025 and will be returned to public ownership upon the expiry of the current contract.

Sweden

Stockholm Metro (Stockholms tunnelbana) achieved stable operations in 2024. The current contract for this service will end in November 2025.

In March 2024, we completed the handover of operations for Stockholms pendeltåg, the commuter rail service serving the greater Stockholm area, to the new operator.

In May 2024, we completed our divestment of MTRX, the intercity service between Stockholm and Gothenburg.

In June 2024, we handed over the operations for Mälartåg, the regional traffic service connecting Stockholm with all major towns in the Mälardalen region, to the new operator.

Australia

Melbourne's Metropolitan Rail Service

The Melbourne metropolitan rail network, operated by our subsidiary, achieved stable operations in 2024. The concession for this service has been extended to November 2027. During the year under review, we continued to support our client, the Victoria State Government, on various network improvement initiatives. These include the opening of the 9-km Metro Tunnel, which will provide a new railway connection through Melbourne's central business district and boost capacity by more than half a million passengers a week. It is scheduled to open in 2025.

Sydney Metro M1 Metro North West & Bankstown Line

MTR, a member of the Northwest Rapid Transit ("NRT") Consortium, initially participated in the delivery of the Sydney Metro Northwest Line under a PPP contract. The contract was extended in late 2019 to include new metro trains and core rail systems for the Central Business District extension (Sydney Metro City & Southwest sections) as well as a combined operations and maintenance package up to 2034. The Northwest section commenced passenger service in 2019. The opening of the award-winning new City extension in August 2024 expanded the network to 21 stations and 51.5 km of track, and an average of 1.3 million customers use over 2,000 services weekly. Following the opening of this new extension, the Sydney Metro Northwest Line was renamed the Sydney Metro M1 Metro North West and Bankstown Line. Works are on-going on the Sydenham to Bankstown section.

Growth Outside of Hong Kong

We continue to explore other growth opportunities in Mainland China and overseas, including Belt and Road countries. During the year, we submitted a bid for the Sydney Metro West project.

Mainland China and International Railway Businesses at a Glance

	MTR Corporation Shareholding	Business Model	Commencement of Franchise/Expected Date of Commencement of Operation	Franchise/Concession Period	Total Number of Stations	Route Length *(km)*
Mainland China Railway Businesses						
Beijing Metro Line 4 ("BJL4")	49%	Public-Private-Partnership ("PPP")	September 2009	30 years	24	28
Daxing Line of BJL4	49%	Operations and Maintenance ("O&M") Concession	December 2010	End together with BJL4 concession	11	22
Beijing Metro Line 14 ("BJL14")	49%	PPP	Full Line: by phases from May 2013 to December 2021	30 years from December 2015	Full Line: 37[(1)]	Full Line: 50.8
Beijing Metro Line 16 ("BJL16")	49%	Full Line: PPP	Full Line: by phases from December 2016 to December 2023	Full Line: 30 years	Full Line: 30[(1)]	Full Line: 48.9
Beijing Metro Line 17 ("BJL17")	49%	O&M Concession	Phase 1: December 2021 Phase 2: December 2023 Subject to local government arrangement	20 years from December 2021	Phase 1: 7 Phase 2: 10[(1)] Full Line: 21	Phase 1: 15.8 Phase 2: 24.9 Full Line: 49.7
Shenzhen Metro Line 4 ("SZL4")	100%	Build-Operate-Transfer[(2)]	Phase 1 and 2: by phases from July 2010 to June 2011	30 years	Full Line: 15	Full Line: 19.9
SZL4 North Extension	100%	O&M Concession	October 2020	End together with SZL4 concession	8	10.8
Shenzhen Metro Line 13 Phase 1	83%	PPP	Initial Section: December 2024	30 years	Initial Section: 7 Full Line: 16	Initial Section: 6.4 Full Line: 22.4
Hangzhou Metro Line 1 ("HZL1")	49%	PPP	November 2012	25 years	25[(3)]	35.6[(3)]
HZL1 Xiasha Extension	49%	O&M Concession	November 2015	End together with HZL1 concession	3	5.6
HZL1 Phase 3 (Airport Extension)	49%	O&M Concession	December 2020	End together with HZL1 concession	5	11.2
Hangzhou Metro Line 5 ("HZL5")	60%	PPP[(4)]	Initial Section: June 2019 Latter Section (Included West Extension): April 2020	25 years	40[(4)]	56.2
Macao Light Rapid Transit Taipa Line	100%	O&M Service Contract	December 2019	80 months till December 2024	13	12.5
International Railway Businesses						
Elizabeth Line, United Kingdom	100%	O&M Concession	May 2015	8 years till 2023, 2 years extension till 2025	41	118
South Western Railway, United Kingdom	30%	O&M Concession	May 2021	2 years till 2023, 2 years extension till 2025	210	998
Stockholm Metro, Sweden	100%	O&M Concession	November 2009	8 years till 2017, 6 years extension till 2023 and 2 years extension till 2025	100	108
MTRX, Sweden	100%	Open Access Operation	Initial service: March 2015 Full schedule: August 2015	Divestment completed in May 2024	10	462
Stockholm commuter rail, Sweden	100%	O&M Concession	December 2016	Handover of operations to the new operator completed in March 2024	54	247
Mälartåg, Sweden	100%	O&M Concession	December 2021	Handover of operations to the new operator completed in June 2024	45	1,060
Melbourne's Metropolitan Rail Service, Australia	60%	O&M Concession	November 2009	8 years till November 2017, 7 years extension till November 2024 and 36-month extension (by 2 phases) till November 2027	222	432
Sydney Metro M1 Metro North West & Bankstown Line, Australia	Mixed	PPP (Operations, Trains & Systems)	North West Line: May 2019 City Section: August 2024	15 years till 2034	North West Line: 13 City Section: 8 South West Section: 10 Full Line: 31	Full Line: 66

Notes:

1. *BJL14 Phase 2 East Section has 12 stations, 11 opened and one bypassed currently. BJL14 Phase 3 Middle Section has 13 stations, ten opened and three bypassed currently. BJL16 Phase 3 has ten stations, nine opened and one bypassed currently. BJL17 Phase 2 has ten stations, nine opened and one bypassed currently.*
2. *SZL4 Phase 1 assets are owned by the Shenzhen Municipal Government, and MTR Corporation (Shenzhen) Limited took over the operation of Phase 1 in July 2010. SZL4 North Extension assets are owned by the Shenzhen Municipal Government, and MTR Corporation (Shenzhen) Limited was granted operations and maintenance.*
3. *HZL1 Linping Section became an independent operation under Hangzhou Metro Line 9 in July 2021.*
4. *HZL5 West Extension is out of PPP scope. One station of HZL5 is under construction.*

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

MTR strives to conduct its businesses and operations according to a robust environmental, social and governance ("ESG") framework. In 2024, we set 43 key performance indicators ("KPIs") to benchmark our effectiveness in 10 focus areas across three environmental and social objectives: Greenhouse Gas ("GHG") Emissions Reduction, Social Inclusion, and Advancement & Opportunities. During the year, all of these KPIs had either been achieved or were on track to be achieved.

Environmental Aspects

In 2024, we commenced passenger service for our first electric bus, and we plan to introduce at least 30 into use by the end of 2026. We also conducted a research study of a hydrogen light rail vehicle. Both of these initiatives are part of our long-term strategy to achieve our GHG emissions reduction goals. Also during the year, seven of our new stations attained "BEAM Plus" New Buildings version 2.0 Gold rating or above in Provisional Assessment, a designation that signifies achievement in green design, and we increased our generation of renewable energy by completing installation works for solar photovoltaic systems at Kwun Tong Station, Tuen Mun Depot and Tai Wai Depot. During the year, we underlined our commitment to sustainable development by raising HK$7.4 billion of funding under our Sustainable Finance Framework, including our inaugural offshore RMB4.5 billion green bond.

Social Aspects

MTR places great importance on being a caring and engaged member of the wider community. In celebration of MTR's 45th anniversary in 2024, we organised a record-high 348 volunteering projects under our well established "More Time Reaching Community" Scheme that together involved a participating headcount of 5,847 volunteers. Our "'Train' for Life's Journeys 2.0" programme attracted over 1,000 secondary students who helped develop innovative solutions for various social inclusion topics. During the year, we also launched "EmpowerZ", a traineeship pilot programme for youths from ethnically diverse backgrounds or those with disabilities.

Over the years, we have utilised our stations for public arts appreciation as part of our "Art in MTR" programme. Of particular note in 2024 was "Railscape Reminiscence", an exhibition of photos at Central Station capturing passenger journeys and dynamic MTR scenery from the 1990s to present day that was organised as part of our 45th anniversary campaign.

Governance

MTR prioritises strong corporate governance practices to ensure that it operates ethically, transparently, and in the best interests of its shareholders and stakeholders. Our comprehensive enterprise risk management framework helps protect the safety and health of the general public and staff as we strive to deliver on our business objectives while simultaneously managing strategic, operational, financial, compliance and reputational risks. Top risks, including emerging and ESG-related risks, are regularly reviewed to help us respond to constantly evolving business and operating environments. We also have a "three lines of defence" framework in place to ensure proactive and effective risk management.

HUMAN RESOURCES

As at 31 December 2024, the Company and its subsidiaries employed 18,411 staff in Hong Kong and 13,411 staff outside Hong Kong. Our associates and joint ventures employed an additional 21,779 staff in Hong Kong and worldwide. In 2024, the voluntary staff turnover rate in Hong Kong was 6.2%.

MTR strives to be an employer of choice by enhancing its employer brand and offering competitive pay and benefits as well as short- and long-term incentive schemes under the Company's total reward framework. We provide career advancement and growth opportunities through a wide range of training and development programmes. Our graduate, apprenticeship and summer internship recruitment initiatives provide a wide range of career opportunities for youth. We also care about employee wellness, promoting work-life balance with a variety of well-being initiatives and family-friendly practices. The introduction of "1 + 1 Octopus Card" for eligible full-time single staff to nominate a person to enjoy the free MTR travel privilege, along with the MTR 45th Anniversary Concerts exclusively for staff, demonstrated our dedicated efforts to enhance employee experience and foster a strong sense of workplace pride at MTR.

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	
	2024	2023	HK$ million	%
Total Revenue	**60,011**	**56,982**	**3,029**	**5.3**
Recurrent Business Profit				
EBIT[ε*]				
Hong Kong Transport Services				
– Hong Kong Transport Operations	**(63)**	(1,111)	1,048	94.3
– Hong Kong Station Commercial Businesses	**3,773**	3,792	(19)	(0.5)
Total Hong Kong Transport Services	**3,710**	2,681	1,029	38.4
Hong Kong Property Rental and Management Businesses	**4,169**	3,999	170	4.3
Mainland China and International Railway, Property Rental and Management Subsidiaries*	**1,223**	524	699	133.4
Other Businesses, Project Study and Business Development Expenses	**(364)**	(341)	(23)	(6.7)
Share of Profit of Associates and Joint Ventures	**1,340**	1,259	81	6.4
Total Recurrent EBIT (before Special Loss Provisions)	**10,078**	8,122	1,956	24.1
Interest and Finance Charges	**(1,070)**	(1,213)	143	11.8
Income Tax	**(1,503)**	(1,302)	(201)	(15.4)
Non-controlling Interests	**(295)**	(304)	9	3.0
Recurrent Business Profit (before Special Loss Provisions)	**7,210**	5,303	1,907	36.0
Provisions for Onerous Contracts	**–**	(1,022)	1,022	n/m
Recurrent Business Profit (after Special Loss Provisions)	**7,210**	**4,281**	**2,929**	**68.4**
Property Development Profit (Post-tax)				
Hong Kong	**10,235**	2,035	8,200	402.9
Mainland China	**30**	48	(18)	(37.5)
Property Development Profit (Post-tax)	**10,265**	**2,083**	**8,182**	**392.8**
Underlying Business Profit	**17,475**	**6,364**	**11,111**	**174.6**
(Loss)/Gain from Fair Value Measurement of Investment Properties (Post-tax)				
(Loss)/Gain from Fair Value Remeasurement on Investment Properties	**(3,821)**	60	(3,881)	n/m
Gain from Fair Value Measurement of Investment Properties on Initial Recognition from Property Development	**2,118**	1,360	758	55.7
(Loss)/Gain from Fair Value Measurement of Investment Properties (Post-tax)	**(1,703)**	**1,420**	**(3,123)**	**n/m**
Net Profit Attributable to Shareholders of the Company	**15,772**	**7,784**	**7,988**	**102.6**
Total Recurrent EBIT Margin[#] *(in %)*	**14.6%**	10.3%		4.3%pts
Total Recurrent EBIT Margin[#] (excluding Mainland China and International Subsidiaries) *(in %)*	**21.8%**	20.4%		1.4%pts

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

** : Excluding the special loss provisions, being the provisions for onerous contracts in respect of Stockholms pendeltåg and Mälartåg regional traffic totalling HK$1,022 million in 2023*

 # : Excluding share of profit of associates and joint ventures but including special loss provisions. If excluding the special loss provisions, the recurrent EBIT margin (including Mainland China and International Subsidiaries) in 2023 would have been 12.0%

n/m : not meaningful

In 2024, the Group achieved satisfactory improvement in its recurrent business profit as we continued to benefit from the patronage recovery due to increased travel activities following the boundary re-opening in early 2023.

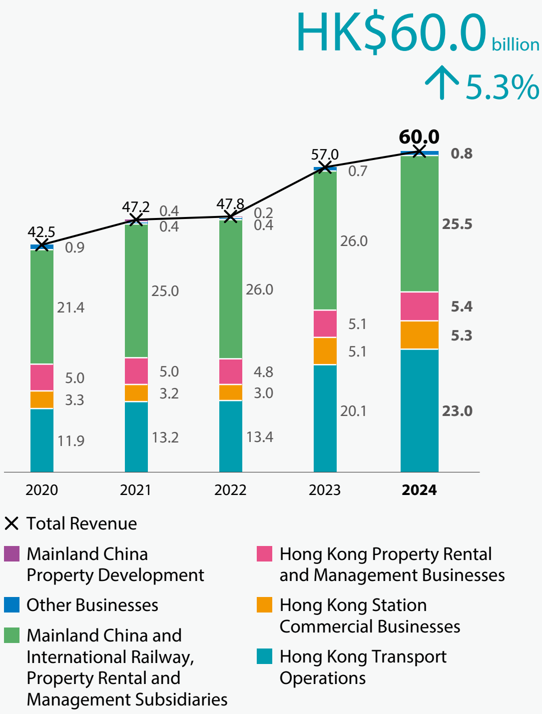
Our property development has also made notable profit contributions in 2024, mainly derived from LOHAS Park Package 11, Ho Ma Tin Station Package 1 and THE SOUTHSIDE packages 1, 2, 4 and 5. Much of these profits will be committed to the substantial funding required for the upgrading and renewal of existing lines as well as planning and constructing new railway projects.

Total Revenue

The Group's total revenue in 2024 increased moderately by 5.3% to HK$60,011 million compared to 2023. This was mainly attributable to (i) increased revenue in our Hong Kong transport operations, which was driven by continued recovery in patronage, particularly on the Cross-boundary, AEL and HSR services, (ii) contributions from The Wai and THE SOUTHSIDE, our two newly opened malls in the second half of 2023, and (iii) higher rental revenue from our Hong Kong station commercial businesses. These favourable factors were partly offset by (i) decreased revenue from Sweden following the early termination of the Stockholms pendeltåg concession in March 2024, and (ii) reduced project revenue from our Melbourne operations.

Total Revenue

(HK$ billion)



Recurrent Business Profit

The Group reported a recurrent business profit of HK$7,210 million in 2024, compared to HK$4,281 million in 2023. The increase in recurrent business profit was mainly due to improvement of Hong Kong transport operations due to the aforementioned recovery in patronage as well as improved financial performance in Sweden as no special loss provisions were booked in 2024. In 2023, the Group recognised special loss provisions totalling HK$1,022 million relating to the early termination of the Stockholms pendeltåg and Mälartåg regional traffic concessions effective 2 March and 16 June 2024 respectively.

Total Recurrent EBIT (before Special Loss Provisions) 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) in 2024 was HK$10,078 million, an increase of HK$1,956 million over 2023. Contributions from our respective businesses were as follows:

Hong Kong Transport Operations: EBIT loss of HK$63 million, compared to a loss of HK$1,111 million in 2023. The improvement was mainly attributable to (i) continued patronage recovery in Domestic Service, (ii) rising patronage in Cross-boundary Service due to the full year of operations in 2024 compared to 2023 when the service began resuming gradually in January and February, and (iii) continued strong performance from HSR. These favourable results were partially offset by (i) increased operating expenses from higher staff costs, inflation, and railway support and maintenance expenses; (ii) higher depreciation; and (iii) higher variable annual payment to KCRC in line with increased revenue.

Hong Kong Station Commercial Businesses: EBIT decreased slightly by HK$19 million or 0.5% to HK$3,773 million, primarily due to the higher station retail rental revenue being counteracted by increased operating expenses and variable annual payment to KCRC owing to a higher level of revenue subject to variable annual payment.

Rental revenue increased in 2024 as positively impacted by (i) full-year resumption of Duty Free Shops and other station kiosks operations and (ii) lower amortised rental concessions in 2024. The result was tempered by the negative rental reversions of 9.8% on renewals and new lets for other station kiosks, owing to the challenging operating environment.

Hong Kong Property Rental and Management Businesses: EBIT increased by HK$170 million or 4.3% to HK$4,169 million. This was mainly due to (i) additional contributions from our two new malls, The Wai and THE SOUTHSIDE, which commenced operations in the second half of 2023 and (ii) lower rental concessions amortised during the year. These favourable results were partly offset by lower rental income from the Company's 18 floors in Two International Finance Centre and the overall negative rental reversion of 8.9% on renewals and new lets for shopping malls due to the weak retail market and changing consumption patterns.

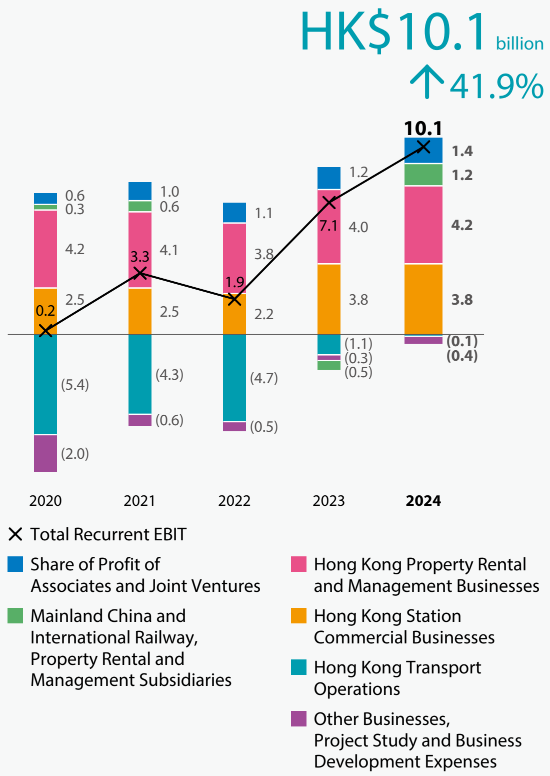
Mainland China and International Railway, Property Rental and Management Subsidiaries: Excluding the special loss provisions of HK$1,022 million made in 2023 mentioned above, EBIT increased by HK$699 million, or 133.4%, to HK$1,223 million in 2024. This was mainly due to there being no further losses booked for Stockholms pendeltåg and Mälartåg regional traffic in 2024. The result was tempered by the loss from the disposal of the Group's operation in Beijing Ginza Mall during the year.

Other Businesses, Project Study and Business Development Expenses: EBIT loss was HK$364 million in 2024, similar to 2023.

Share of Profit of Associates and Joint Ventures: Share of profit of associates and joint ventures increased by HK$81 million or 6.4% to HK$1,340 million in 2024. The increase was mainly due to the improved patronage of our Mainland China railway operations. The result was partly offset by lower profit sharing from Octopus Holdings Limited.

Total Recurrent EBIT^

(HK$ billion)



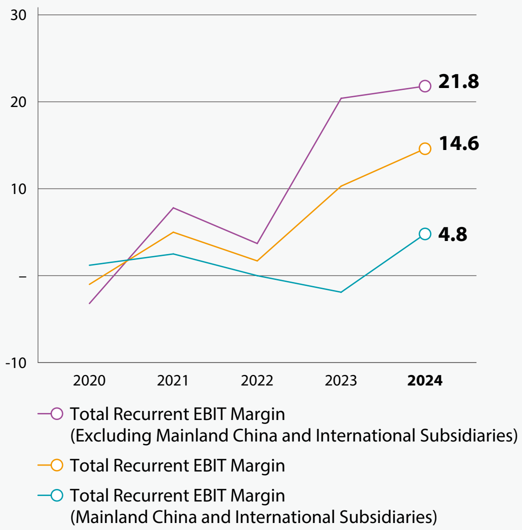
^ *Including share of profit of associates and joint ventures, project study and business development expenses, and provisions for onerous contracts in respect of Stockholms pendeltåg and Mälartåg regional traffic totalling HK$1,022 million in 2023, and impairment loss on Shenzhen Metro Line 4 of HK$962 million in 2022*

Total Recurrent EBIT Margin

In 2020, we were distressed by the pandemic. Following the stabilisation in the number of pandemic cases, EBIT margins rebounded in 2021. Due to the fifth wave of COVID-19 in Hong Kong and other outbreaks in Mainland China, 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%.

Total Recurrent EBIT Margin#

(Percentage)



Excluding share of profit of associates and joint ventures but including provisions for onerous contracts in respect of Stockholms pendeltåg and Mälartåg regional traffic totalling HK$1,022 million in 2023, and impairment loss on Shenzhen Metro Line 4 of HK$962 million in 2022

Interest and Finance Charges

Interest and finance charges for recurrent businesses were HK$1,070 million, representing a 11.8% decrease compared to 2023. This was mainly due to higher interest income generated. A detailed review of the Group's financing activities is featured in the ensuing section.

Income Tax

Income tax expenses for recurrent businesses were HK$1,503 million, an increase of 15.4% over 2023 owing to improved financial performance.

Since the Rail Merger in 2007, the Company has claimed annual Hong Kong Profits Tax deductions in respect of certain payments relating to the Rail Merger (collectively "the Sums"). The total tax amount in respect of the Sums for the years of tax assessment from 2007/2008 to 2024/2025 amounted to HK$5.8 billion. On 20 May 2022, the Commissioner of Inland Revenue issued a determination to the Company disagreeing that the Sums are tax deductible. The Company lodged a notice of appeal to the Inland Revenue Board of Review on 16 June 2022. After discussing with the external legal counsel and tax advisor on the approach to the appeal, the Company decided not to pursue its deduction claims in respect of the amortisation of upfront payment and cut-over liabilities during the opening submission before Board of Review. As the Company had already made the related tax provision for the amortisation of upfront payment and cut-over liabilities in the past years taking into account the uncertainty in their tax deductibility, no additional tax provision is required. The hearing of appeal was held before the Board of Review in early 2024.

On 6 August 2024, the 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.

The Company, external legal counsel and its tax advisor have completed their review of the Board of Review Decision and the advice obtained continues to be that the Company has strong legal grounds to support its position. Based on the strength of advice from external legal counsel and its tax advisor, 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. The hearing for the application of leave to appeal was held before the Court of First Instance in late February 2025. As at the date of the annual report, the Court of First Instance has yet to hand down its decision on whether to grant leave to appeal. The Company has conferred with external legal counsel and its tax advisor and the advice obtained is that the Company currently continues to have strong legal grounds to support its position. As such, no additional tax provision has been made. Further details are set out in note 16 to the Consolidated Financial Statements.

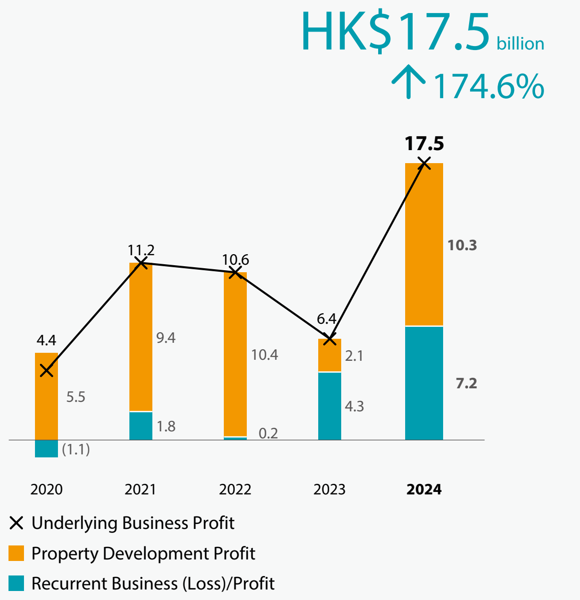
Property Development Profit (Post-tax)

The Group's property development profit (post-tax) was HK$10,265 million, marking a HK$8,182 million increase over 2023. Property development profit for 2024 was mainly derived from LOHAS Park Package 11, Ho Man Tin Station Package 1 and THE SOUTHSIDE packages 1, 2, 4 and 5, whereas an initial profit from LOHAS Park Package 11 and residual profits from various completed projects were recognised in 2023.

Underlying Business Profit

Underlying business profit increased from HK$6,364 million in 2023 to HK$17,475 million in 2024, as a result of considerable increases of HK$2,929 million in recurrent business profit and HK$8,182 million in property development profit.

Underlying Business Profit
(HK$ billion)



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

Loss from fair value measurement of investment properties was HK$1,703 million in 2024, resulting from (i) a loss of HK$3,821 million from fair value remeasurement on investment properties, net of (ii) a further recognition of HK$2,118 million valuation gain arising from the reduction in outstanding risks and obligations for our sharing-in-kind investment property received in 2023 (i.e., THE SOUTHSIDE shopping mall).

The fair value remeasurement on the Group's investment properties in Hong Kong and Mainland China, which were performed by independent professional valuation firms, resulted in a post-tax fair value remeasurement loss of HK$3,821 million for the year ended 31 December 2024, compared to a post-tax fair value remeasurement gain of HK$60 million in 2023.

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$15,772 million for the year ended 31 December 2024, compared to HK$7,784 million for 2023.

CONSOLIDATED FINANCIAL POSITION

HK$ million	At 31 December 2024	At 31 December 2023	Inc./(Dec.) HK$ million	%
Fixed Assets	**243,190**	238,636	4,554	1.9
Railway Construction in Progress	**11,375**	4,256	7,119	167.3
Property Development in Progress	**42,300**	41,728	572	1.4
Interests in Associates and Joint Ventures	**13,039**	12,785	254	2.0
Debtors and Other Receivables	**15,780**	13,756	2,024	14.7
Cash, Bank Balances and Deposits	**27,886**	22,375	5,511	24.6
Other Assets	**13,929**	12,890	1,039	8.1
Total Assets	**367,499**	346,426	21,073	6.1
Total Loans and Other Obligations	**77,568**	59,491	18,077	30.4
Creditors and Other Liabilities	**77,663**	82,869	(5,206)	(6.3)
Obligations Under Service Concession	**9,969**	10,059	(90)	(0.9)
Deferred Tax Liabilities	**16,166**	15,151	1,015	6.7
Total Liabilities	**181,366**	167,570	13,796	8.2
Net Assets	**186,133**	178,856	7,277	4.1
Represented by:				
Total Equity Attributable to Shareholders of the Company	**185,625**	178,344	7,281	4.1
Non-controlling Interests	**508**	512	(4)	(0.8)
Total Equity	**186,133**	178,856	7,277	4.1

The Group's total assets increased by 6.1% to HK$367,499 million. This was mainly due to the increase in (i) railway construction in progress for Tung Chung Line Extension, Tuen Mun South Extension and Kwu Tung Station, (ii) addition of fixed assets relating to the renewal and upgrade works for our existing Hong Kong railway network, (iii) cash, bank balances and deposits, and (iv) debtors and other receivables relating to increase in property development receivables upon recognition of the property development profits, partly offset by the reclassification of prepayment for Tianjin shopping mall to investment properties upon completion of structural works.

Total liabilities increased by 8.2% to HK$181,366 million, mainly due to (i) net drawdown of loans, partly offset by (ii) decrease in deferred income from various property development projects as the related income was recognised in the consolidated profit or loss in 2024, (iii) utilisation of provisions for Onerous Contracts for Stockholms pendeltåg and Mälartåg, and (iv) utilisation of government grant for Oyster Bay project.

As a result, the Group's net assets increased by HK$7,277 million or 4.1% to HK$186,133 million.

CONSOLIDATED CASH FLOWS

HK$ million	Year ended 31 December 2024	2023
Net Cash Generated from Operating Activities	**18,491**	**11,197**
Net Receipts from Property Development	**1,748**	6,102
Fixed and Variable Annual Payments	**(3,105)**	(1,073)
Capital Expenditure	**(19,416)**	(12,576)
Other Net Cash (Outflow)/Inflow from Investing Activities	**(244)**	730
Net Cash Used in Investing Activities	**(21,017)**	**(6,817)**
Net Drawdown of Debts, Net of Lease Rental and Net Interest Payments	**16,928**	10,005
Dividends Paid to Shareholders of the Company	**(7,946)**	(7,595)
Other Net Cash Outflow from Financing Activities	**(479)**	(537)
Net Cash Generated from Financing Activities	**8,503**	**1,873**
Effect of Exchange Rate Changes	**(466)**	82
Cash, Bank Balances and Deposits reclassified as Disposal Group Held for Sale	**–**	(94)
	(466)	(12)
Net Increase in Cash, Bank Balances and Deposits	**5,511**	**6,241**
Cash, Bank Balances and Deposits as at 1 January	**22,375**	**16,134**
Cash, Bank Balances and Deposits as at 31 December	**27,886**	**22,375**

Net Cash Generated from Operating Activities

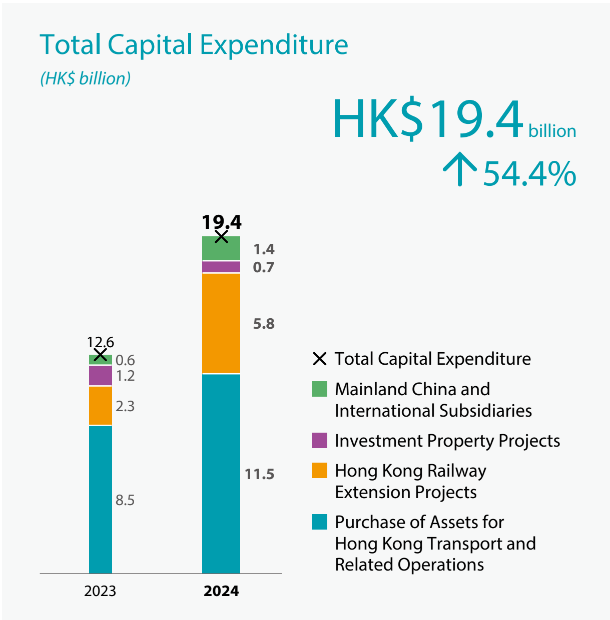
Net cash generated from operating activities increased by HK$7,294 million to HK$18,491 million in 2024 from HK$11,197 million in 2023, resulting mainly from higher recurrent business profit due to continued recovery.

Net Receipts from Property Development

Net receipts from property development were HK$1,748 million, comprising (i) cash receipts of HK$3,007 million mainly for various LOHAS Park packages and THE SOUTHSIDE packages, which were partly offset by (ii) cash payments of HK$1,259 million mainly for Oyster Bay Project.

Capital Expenditure

In 2024, capital expenditure amounted to HK$19,416 million. This comprised HK$11,486 million for investments in additional assets such as station renovation works, new trains and signalling systems for existing Hong Kong railways and related operations; HK$5,817 million for Hong Kong railway extension projects; HK$1,447 million for Mainland China and overseas subsidiaries such as Shenzhen Metro Line 13; and HK$666 million for investment properties additions and fitting out works.



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

In 2024, net drawdown of debts, net of lease rental and net interest payments of HK$16,928 million comprised (i) proceeds of HK$45,842 million from loans and capital market instruments; offset by (ii) repayment of HK$27,594 million mainly relating to loans; and (iii) net interest payment of HK$1,320 million.

Dividends Paid to Shareholders of the Company

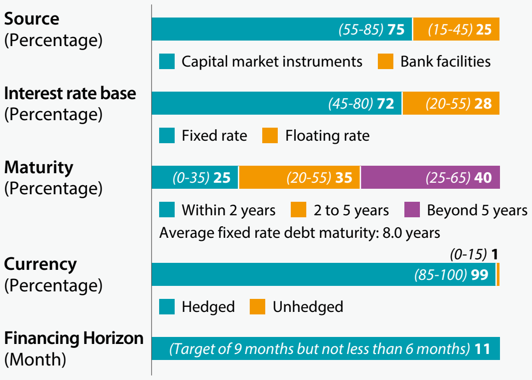
The Group paid dividends of HK$7,946 million (2023: HK$7,595 million) in cash, being the 2023 final dividend of HK$0.89 per share and the 2024 interim dividend of HK$0.42 per share.

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 2024



Global interest rates were volatile in the second half of 2024 as the US Federal Reserve started cutting interest rate from September and the market tried to digest the softening inflations projection and policy changes.

The 3-month HKD Hibor started the year at 5.15% p.a. and fell to a low of 3.88% p.a. before reaching 4.37% p.a. at the year end. Similarly, the 10-year US Treasury yield started the year at 3.88% p.a. and fell to 3.62% p.a. before rising back to 4.57% p.a. at the year end. The 10-year HKD swap rate fell from 3.36% p.a. to 2.84% p.a. before rising to 3.70% p.a.

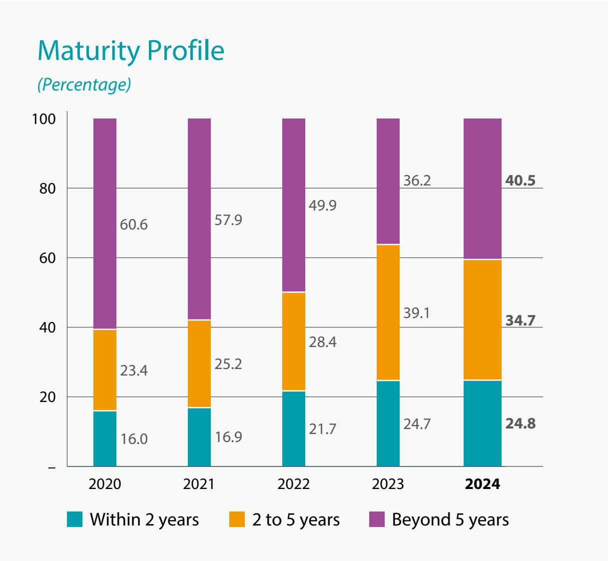
The Company arranged HK$31.4 billion of financing in 2024, including HK$23.5 billion from bond issuances with maturities ranging between two to thirty years, and HK$7.9 billion bank loans with maturities ranging between two to five years.

Approximately HK$7.4 billion in sustainable financing was arranged under our Sustainable Finance Framework, including the public issuance of an offshore RMB3.0 billion 10-year green bond at coupon of 2.75% p.a. and an offshore RMB1.5 billion 30-year green bond at coupon of 3.05% p.a. The proceeds raised from the sustainable financing are earmarked for eligible investments. A number of bank loans were arranged with sustainability linked clauses where the Company will enjoy a modest economical benefit if pre-agreed environmental KPIs are achieved at specific observation times.

The Group's consolidated gross debt position at the end of December 2024 was HK$77.6 billion, with a cash and deposit balance of HK$27.9 billion and undrawn committed facilities of over HK$20.9 billion.

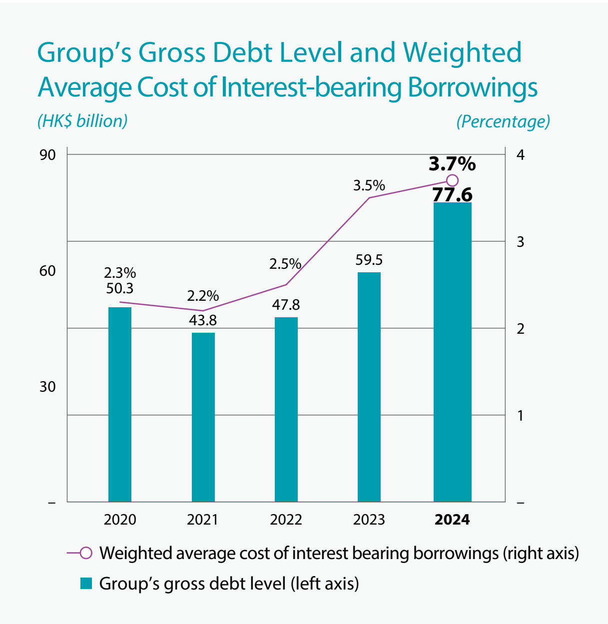
Maturity Profile

The Company diversifies refinancing risks by spreading the maturities of borrowings. At the end of 2024, 24.8%, 34.7% and 40.5% of borrowings will mature within 2 years, in 2 to 5 years and beyond 5 years, respectively.



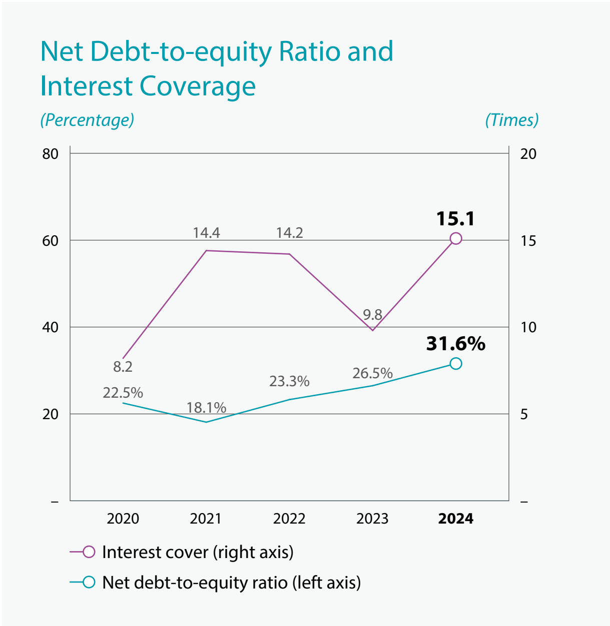
Gross Debt and Cost of Borrowing

The Group's consolidated gross debt position increased to HK$77,568 million as at year-end 2024 from HK$59,491 million at year-end 2023. The weighted average cost of the Group's interest-bearing borrowings increased to 3.7% p.a. in 2024 from 3.5% p.a. in 2023.



Net Debt-to-equity Ratio and Interest Coverage

The Group's gearing ratio, as measured by net debt-to-equity ratio, was 26.5% as at 31 December 2023, 27.5% as at 30 June 2024 and 31.6% as at 31 December 2024. The Group's interest cover increased from 9.8 times in 2023 to 15.1 times in 2024.



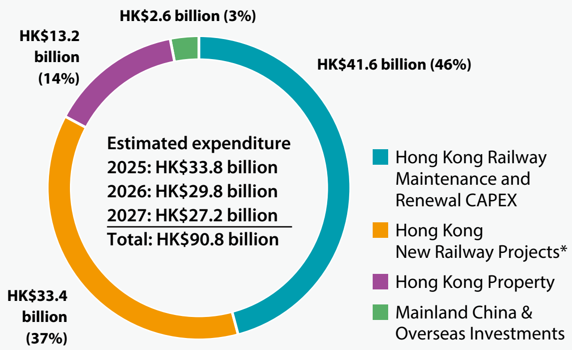
Capital Expenditure and Investments

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 Mainland China and overseas investments. Total spending from 2025 to 2027 is estimated at around HK$90.8 billion.

Capital expenditure on Hong Kong railway projects will continue to constitute a significant portion of capital expenditure in 2025-2027, following the signing of project agreements for the Oyster Bay Project, the Tung Chung Line Extension, the Tuen Mun South Extension, the Kwu Tung Station and the 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 the Government.

The Group believes that based on its cash, bank balances and deposits of HK$27.9 billion, total available committed banking facilities of more than HK$20.9 billion as at 31 December 2024, 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.

Capital Expenditure and Investment (2025–2027)



* *Including planning and design CAPEX, but excluding related construction CAPEX of new railway projects which are subject to the signing of project agreements*

Credit Ratings (as of 6 March 2025)

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*

TEN-YEAR STATISTICS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Financial										
Consolidated Profit or Loss *(in HK$ million)*										
Total revenue										
– Hong Kong transport services										
– Hong Kong transport operations	**23,013**	20,131	13,404	13,177	11,896	19,938	19,490	18,201	17,655	16,916
– Hong Kong station commercial businesses	**5,343**	5,117	3,077	3,208	3,269	6,799	6,458	5,975	5,544	5,380
– Total Hong Kong transport services	**28,356**	25,248	16,481	16,385	15,165	26,737	25,948	24,176	23,199	22,296
– Hong Kong property rental and management businesses	**5,379**	5,079	4,779	5,036	5,054	5,137	5,055	4,900	4,741	4,533
– Mainland China and international railway, property rental and management subsidiaries	**25,467**	25,955	26,016	25,045	21,428	21,085	20,877	17,194	13,562	12,582
– Other businesses	**809**	700	363	383	894	1,545	1,990	2,174	2,339	2,290
– Recurrent businesses	**60,011**	56,982	47,639	46,849	42,541	54,504	53,870	48,444	43,841	41,701
– Mainland China property development	**–**	–	173	353	–	–	60	6,996	1,348	–
– Total	**60,011**	56,982	47,812	47,202	42,541	54,504	53,930	55,440	45,189	41,701
Total EBITDA										
– Recurrent businesses	**17,907**	15,323	7,852	8,019	5,194	15,351	18,843	17,677	16,947	16,260
– Hong Kong property development	**12,185**	2,329	11,589	11,097	6,491	4,496	2,574	1,097	228	2,891
– Mainland China property development	**(3)**	(13)	59	129	(13)	(25)	25	2,314	366	(140)
– Total	**30,089**	17,639	19,500	19,245	11,672	19,822	21,442	21,088	17,541	19,011
Depreciation and amortisation	**(6,144)**	(6,105)	(5,769)	(5,430)	(5,365)	(5,237)	(4,985)	(4,855)	(4,127)	(3,849)
Provisions for onerous contracts and impairment loss	**–**	(1,022)	(962)	–	–	–	–	–	–	–
Variable annual payment	**(3,025)**	(2,355)	(323)	(260)	(238)	(2,583)	(2,305)	(1,933)	(1,787)	(1,649)
Total EBIT										
– Recurrent business EBIT										
EBIT										
Hong Kong transport services										
– Hong Kong transport operations	**(63)**	(1,111)	(4,733)	(4,262)	(5,408)	(591)	1,985	1,656	2,572	2,493
– Hong Kong station commercial businesses	**3,773**	3,792	2,270	2,488	2,502	5,122	5,025	4,722	4,362	4,230
Total Hong Kong transport services	**3,710**	2,681	(2,463)	(1,774)	(2,906)	4,531	7,010	6,378	6,934	6,723
Hong Kong property rental and management businesses	**4,169**	3,999	3,800	4,048	4,185	4,264	4,225	4,082	3,912	3,650
Mainland China and international railway, property rental and management subsidiaries*	**1,223**	524	962	622	261	1,089	722	814	490	640
Other businesses	**39**	56	(213)	(255)	(1,670)	(2,077)	(81)	(53)	58	53
Project studies and business development expenses	**(403)**	(397)	(326)	(312)	(279)	(276)	(323)	(332)	(361)	(304)
Provisions for onerous contracts and impairment loss	**–**	(1,022)	(962)	–	–	–	–	–	–	–
Share of profit of associates and joint ventures	**1,340**	1,259	1,095	968	605	288	658	494	537	361
Sub-total	**10,078**	7,100	1,893	3,297	196	7,819	12,211	11,383	11,570	11,123
– Property development business EBIT	**12,182**	2,316	11,648	11,226	6,478	4,471	2,599	3,411	592	2,751
– Total	**22,260**	9,416	13,541	14,523	6,674	12,290	14,810	14,794	12,162	13,874
(Loss)/gain from fair value measurement of investment properties	**(1,703)**	1,386	(810)	(1,616)	(9,190)	2,583	4,745	6,314	891	2,100
Profit/(loss) attributable to shareholders of the Company arising from:										
– Recurrent businesses										
– in Hong Kong	**5,981**	4,940	384	979	(1,537)	4,455	8,460	7,949	8,717	8,352
– outside Hong Kong	**1,229**	(659)	(227)	829	411	525	560	631	199	213
	7,210	4,281	157	1,808	(1,126)	4,980	9,020	8,580	8,916	8,565
– Property development businesses										
– in Hong Kong	**10,235**	2,035	10,413	9,277	5,442	4,320	2,153	916	184	2,416
– outside Hong Kong	**30**	48	67	66	65	49	90	1,019	263	(87)
	10,265	2,083	10,480	9,343	5,507	4,369	2,243	1,935	447	2,329
– Underlying businesses	**17,475**	6,364	10,637	11,151	4,381	9,349	11,263	10,515	9,363	10,894
– Fair value measurement of investment properties	**(1,703)**	1,420	(810)	(1,599)	(9,190)	2,583	4,745	6,314	891	2,100
– Total	**15,772**	7,784	9,827	9,552	(4,809)	11,932	16,008	16,829	10,254	12,994
Profit/(loss) for the year	**16,067**	8,088	10,141	9,679	(4,821)	12,092	16,156	16,885	10,348	13,138
Share Information										
Basic earnings/(loss) per share *(in HK$)*	**2.54**	1.26	1.59	1.55	(0.78)	1.94	2.64	2.83	1.74	2.22
Basic earnings per share arising from underlying businesses *(in HK$)*	**2.81**	1.03	1.72	1.80	0.71	1.52	1.86	1.77	1.59	1.87
Ordinary dividend per share *(in HK$)*	**1.31**	1.31	1.31	1.27	1.23	1.23	1.20	1.12	1.07	1.06
Dividend payout ratio (based on underlying business profit) *(in %)*	**47**	127	76	71	173	81	65	63	67	57
Ordinary dividends attributable to the year *(in HK$ million)*	**8,155**	8,143	8,124	7,865	7,602	7,574	7,359	6,728	6,317	6,207
Share price at 31 December *(in HK$)*	**27.10**	30.30	41.35	41.85	43.35	46.05	41.20	45.80	37.70	38.40
Market capitalisation at 31 December *(in HK$ million)*	**168,693**	188,381	256,455	259,196	267,943	283,574	252,947	275,156	222,629	224,956
Consolidated Financial Position *(in HK$ million)*										
Total assets	**367,499**	346,426	327,081	292,082	290,574	289,214	274,687	263,768	257,340	241,103
Loans, other obligations and bank overdrafts	**77,568**	59,491	47,846	43,752	50,340	39,456	40,205	42,043	39,939	20,811
Obligations under service concession	**9,969**	10,059	10,142	10,231	10,295	10,350	10,409	10,470	10,507	10,564
Total equity attributable to shareholders of the Company	**185,625**	178,344	179,286	179,714	176,788	186,606	180,447	166,304	149,461	170,055
Financial Ratios										
EBITDA margin◊ *(in %)*	**29.8**	26.9	16.5	17.3	12.2	28.1	35.0	36.1	38.3	38.7
EBITDA margin◊ (excluding Mainland China and international subsidiaries) *(in %)*	**47.0**	45.9	30.5	32.7	22.1	42.0	54.5	53.5	54.0	53.3
EBIT marginφ *(in %)*	**14.6**	10.2	1.8	5.2	(1.0)	13.8	21.5	23.8	25.2	25.5
EBIT marginφ (excluding Mainland China and international subsidiaries) *(in %)*	**21.8**	20.4	3.7	7.8	(3.2)	19.3	32.8	32.2	34.8	34.8
Net debt-to-equity ratio *(in %)*	**31.6**	26.5	23.3	18.1	22.5	15.4	18.1	20.6	20.2	11.3
Return on average equity attributable to shareholders of the Company arising from underlying businesses *(in %)*	**9.6**	3.6	5.9	6.3	2.4	5.1	6.5	6.7	5.9	6.5
Interest cover *(times)* **	**15.1**	9.8	14.2	14.4	8.2	14.4	13.6	15.0	12.6	14.4

* *Excluding special loss provisions, being provisions for onerous contracts made for Stockholms pendeltåg and Mälartåg regional traffic totalling HK$1,022 million in 2023 and impairment loss made for Shenzhen Metro Line 4 of HK$962 million in 2022.*

◊ *Excluding Hong Kong property development profit from share of surplus, income and interest in unsold properties.*

φ *Excluding Hong Kong property development profit from share of surplus, income and interest in unsold properties, and share of profit of associates and joint ventures.*

** *Excluding fair value measurement of investment properties.*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Hong Kong Transport Operations										
Revenue car-km operated *(thousand)*										
Domestic and Cross-boundary services	**298,180**	291,212	265,209	268,050	268,492	301,552	308,742	301,541	287,828	284,487
Airport Express	**23,274**	19,681	12,328	10,165	12,631	22,971	23,190	23,202	23,276	23,242
Light Rail	**10,683**	10,316	9,727	10,245	10,385	10,592	11,139	11,145	11,152	11,034
Total number of passengers *(thousand)*										
Domestic Service	**1,601,690**	1,586,646	1,334,591	1,421,737	1,145,035	1,568,196	1,669,973	1,637,898	1,586,522	1,577,457
Cross-boundary Service	**98,386**	71,518	429	486	7,647	104,183	117,448	112,549	113,274	114,241
High Speed Rail	**26,729**	20,100@@	–	–	1,033	16,923	5,302@	–	–	–
Airport Express	**13,133**	10,843	3,102	2,150	3,070	15,764	17,710	16,621	16,133	15,725
Light Rail	**154,579**	150,002	131,715	141,581	111,865	155,885	179,411	178,502	178,709	176,149
Bus	**58,946**	57,693	48,230	50,380	42,077	51,484	51,025	50,744	50,413	50,537
Intercity	**–**	–	–	–	103	1,880	3,630	3,698	3,739	4,080
Average number of passengers *(thousand)*										
Domestic Service – weekday average	**4,684**	4,670	3,920	4,189	3,406	4,658	4,862	4,772	4,608	4,577
Cross-boundary Service – daily average	**269**	196	1	1	21	285	322	308	309	313
High Speed Rail – daily average	**73**	57@@	–	–	36#	46	53@	–	–	–
Airport Express – daily average	**36**	30	8	6	8	43	49	46	44	43
Light Rail – weekday average	**445**	434	377	403	317	448	506	503	500	493
Bus – weekday average	**170**	168	139	145	121	151	147	146	144	145
Intercity – daily average	**–**	–	–	–	4#	5	10	10	10	11
Average passenger km travelled										
Domestic and Cross-boundary services	**11.3**	11.1	10.7	10.5	10.5	10.6	10.8	10.8	10.9	11.0
Airport Express	**27.2**	27.6	25.3	23.7	25.8	28.2	28.3	28.5	28.4	28.4
Light Rail	**2.6**	2.6	2.6	2.7	2.8	2.7	2.7	2.7	2.7	2.7
Bus	**6.1**	5.6	4.5	4.5	4.1	4.5	4.5	4.5	4.5	4.5
Average car occupancy *(number of passengers)*										
Domestic and Cross-boundary services	**65**	63	54	56	45	59	62	63	64	65
Airport Express	**15**	15	6	5	6	19	22	20	20	19
Light Rail	**38**	38	36	37	30	40	44	44	44	44
Proportion of franchised public transport boardings *(%)*	**50.1**	50.1	48.3	47.3	45.3	47.4	49.0&	49.1	48.4	48.5
HK$ per car-km operated *(Hong Kong Transport Operations***)*										
Total revenue	**58.2**	53.6	40.8	40.0	35.6	51.7	53.4	52.5	53.0	51.3
Operating costs	**35.7**	34.3	36.0	34.4	33.3	33.0	28.2	28.5	27.7	27.2
Operating profit	**22.5**	19.3	4.8	5.6	2.3	18.7	25.2	24.0	25.3	24.1
HK$ per passenger carried *(Hong Kong Transport Operations***)*										
Total revenue	**10.25**	9.39	7.91	7.31	8.11	9.40	9.26	9.10	9.06	8.73
Operating costs	**6.29**	6.00	6.98	6.28	7.60	5.99	4.89	4.93	4.73	4.63
Operating profit	**3.96**	3.39	0.93	1.03	0.51	3.41	4.37	4.17	4.33	4.10
Safety Performance										
Domestic Service, Cross-boundary Service and Airport Express										
Number of reportable events^	**917**	1,220	823	760	656	1,164	1,056	1,148	1,134	1,246
Reportable events per million passengers carried^	**0.54**	0.73	0.62	0.53	0.57	0.69	0.58	0.65	0.66	0.73
Number of staff and contractors' staff accidents∆	**57**	52	59	56	51	81	50	46	61	64
Light Rail										
Number of reportable events^	**61**	65	57	62	80	163	87	104	191	157
Reportable events per million passengers carried^	**0.39**	0.43	0.43	0.44	0.72	1.05	0.48	0.58	1.07	0.89
Number of staff and contractors' staff accidents∆	**5**	5	6	5	10	8	2	5	8	6
Employees										
Hong Kong										
Corporate management and support departments	**2,431**	2,166	1,952	1,923	1,852	1,899	1,932	1,882	1,837	1,792
Station commercial businesses	**214**	206	186	188	224	234	204	191	192	182
Transport Operations	**12,392**	11,728	11,492	11,688	11,983	12,211	11,948	11,591	11,349	10,891
Capital Works	**1,503**	1,497	1,428	1,335	1,426	1,531	1,711	2,144	2,615	2,684
Property and other businesses	**1,742**	1,634	1,551	1,528	1,548	1,549	1,500	1,440	1,416	1,384
Mainland China and international businesses	**129**	174	195	201	255	318	331	276	230	194
Outside of Hong Kong										
Employees outside of Hong Kong	**13,411**	16,000	15,504	15,105	16,921	16,521	14,270	10,781	9,866	8,157
Total	**31,822**	33,405	32,308	31,968	34,209	34,263	31,896	28,305	27,505	25,284

@ *High Speed Rail service commenced on 23 September 2018. The number of passengers only counts the days from 23 September 2018 to 31 December 2018.*

@@ *High Speed Rail service resumed on 15 January 2023. The number of passengers only counts the days from 15 January 2023 to 31 December 2023.*

\# *Average of 1 to 29 January 2020.*

& *Market share for 2018 was rebased to reflect the impact on the opening of Hong Kong – Zhuhai – Macao Bridge.*

*** *Does not include the High Speed Rail service.*

^ *Reportable events are occurrences affecting railway premises, plant and equipment, or directly affecting persons (with or without injuries), that are reportable to the Secretary for Transport and Logistics and Director of Electrical and Mechanical Service, Government of the Hong Kong SAR under the Mass Transit Railway Regulations, ranging from suicides/attempted suicides, trespassing onto tracks, to accidents on escalators, lifts and moving paths.*

∆ *Any accident connected with the operation of the railway or with the maintenance thereof, which is notifiable to Railway Branch, Electrical & Mechanical Services Department according to Mass Transit Railway Regulations, as a result of which an employee of the Corporation or of a contractor with the Corporation is suffering 'fatal injury', 'serious injury', or unable to fully carry out his / her normal duties for a period exceeding 3 days immediately after the accident.*

OTHER BUSINESSES

NGONG PING 360

Revenue for the Ngong Ping Cable Car and its associated theme village ("Ngong Ping 360") increased by 29.4% to HK$489 million in 2024 on the back of higher visitation, which rose by 13.4% to 1.56 million. These results were due to the continued recovery of tourism and the traffic generated from marketing promotions, many of which were targeted at Mainland Chinese and overseas visitors. In addition, Ngong Ping Village continued to revamp its tenant mix this year by welcoming local delicacies and thematic merchants as well as a new attraction, "Fengyun Pavilion of Chinese Dynasty – The Three Kingdoms" to further enhance guest experience and appeal.

OCTOPUS

In 2024, MTR's share of profit from Octopus Holdings Limited ("OHL") decreased by 12.8% to HK$437 million. OHL sustained strong transaction volumes in 2024 despite economic headwinds and robust outbound spending. It continued to invest in driving cross-border payment innovation by opening its network to QR-based digital wallets in Hong Kong taxis and launching the Octopus China T-Union card, the world's first dual-currency transit card, enabling access to public transit in over 336 cities nationwide. The beta launch of Octopus on Android has further strengthened its investment in mobile payment growth. As at 31 December 2024, Octopus was accepted at over 190,000 points in Hong Kong and 34 million globally, including Mainland China. Approximately 32 million Octopus cards and products were in circulation, with average daily transaction volumes and value of 15.9 million and HK$331.5 million, respectively.

MTR ACADEMY

The MTR Academy ("MTRA") is a leading institute for the development of railway engineering and management professionals as well as a vehicle for the Company to promote its brand and industry expertise. In September 2024, MTRA co-organised the "MTR B&R Railway Forum cum Gala Dinner", an event that gathered more than 200 senior government officials, railway executives, industry leaders, researchers and engineers from Mainland China and Belt and Road countries. During the year, MTRA continued to host talks and site visits for secondary school students interested in pursuing careers in the railway industry. MTRA is also actively working with local and Mainland Chinese universities to incorporate railway studies into relevant programmes and further build the pipeline of future talent for the industry.

MTR LAB

MTR Lab is an important part of the Company's "New Growth Engine" strategic pillar. In 2024, MTR Lab continued to invest in start-ups and funds specialising in innovation and technology internationally. In October 2024, MTR Lab made its inaugural direct investment in Mainland China by strategically investing in Ensonic, a pioneering start-up focused on AI-powered acoustic detection – a technology that is vital for applications such as power grids, transportation and smart city infrastructure. Also in the fourth quarter, MTR Lab established a partnership with UrbanLab, a leading property technology alliance in the Mainland that promotes the development of sustainable and smart building technologies. Jove, the electric vehicle charging solution owned by a subsidiary of MTR Lab, expanded its network to 20 service points covering over 300 charging points across Hong Kong. Carbon Wallet, another subsidiary of MTR Lab and a leading green lifestyle reward platform in Hong Kong, more than doubled its user base in 2024 to over 100,000 users, with year on year growth of 67.5% in carbon savings and 156% in recyclables collection through its platform.

ENVIRONMENTAL & SOCIAL RESPONSIBILITY

As a world leader in green railway transit services that are readily accessible to people from all walks of life, MTR emphasises strong environmental, social and governance ("ESG") practices to help it achieve the goals of its Corporate Strategy for sustainable long-term growth alongside the communities it serves. In addition to the highlights detailed in this section, stakeholders may also consult MTR's dedicated sustainability website and annual Sustainability Report for more information about the Company's ESG efforts and performance.

In 2024, we set 43 key performance indicators to guide our progress in 10 focus areas spread across three environmental and social objectives: GHG Emissions Reduction, Social Inclusion, and Advancement & Opportunities. All of these were either achieved or on track to being achieved during the year.

SOCIAL INCLUSION

Universal Basic Mobility

Ensuring that MTR's services are accessible to everyone, regardless of age, ability or background, is one of the Company's core operating principles. In 2024, we welcomed members of disability groups for site visits to our stations to introduce facilities and special features designed to make station navigation easier for them. In 2024, MTR malls ELEMENTS, The LOHAS and The Wai won Gold Awards in the inaugural Universal Design Award Scheme 2024/25 organised by the Equal Opportunities Commission ("EOC"), which recognises outstanding performance and contributions in providing accessible built environments.

Diversity and Inclusion

MTR promotes diversity and inclusion in the workplace and across the community to ensure equal opportunities. In May 2024, we launched the "EmpowerZ" traineeship pilot programme to offer career opportunities for youths from diverse ethnic backgrounds or those with disabilities. One of our recruitment strategies for engaging ethnic minorities was promoting our inclusive workplace culture and career growth opportunities through multicultural job fairs, including recruitment days held at the Kowloon Masjid (Mosque) & Islamic Centre as well as the Sikh Temple. In October 2024, MTR also joined the CareER Inclusive Recruitment Fair and was proud to receive the CareER Disability Inclusive Employer Badge once again.

Equal Opportunities

MTR continued to promote ethnic diversity by supporting The Zubin Foundation's Care Box Project, which provided essential food supplies to more than 2,300 individuals during Diwali. We were also delighted to partner with the New Life Psychiatric Rehabilitation Association to launch "dayday330 x MTR Mindful Journey", a series of audio exercises accessible through the MTR Mobile app that were designed to help passengers practise mindfulness during their journeys.

In 2024, a record-high 348 volunteering projects were organised under the "More Time Reaching Community" Scheme in celebration of MTR's 45th anniversary, involving a participating headcount of 5,847 volunteers. During our annual "MTR Volunteering Month" held across March and April 2024, four specially designed volunteering activities were organised in partnership with NGOs to support our environmental and social objectives. During the year, MTR donated and sponsored HK$17.3 million in support of charitable and other organisations.

3 ENVIRONMENTAL AND SOCIAL OBJECTIVES AND 10 COMMITMENTS

Social Inclusion

As a provider of public transport services for all, social inclusion lies at the very heart of who we are and what we do

Contribute to the following United Nations Sustainable Development Goals ("UN SDGs"):

5 Gender Equality; 8 Decent Work and Economic Growth; 10 Reduced Inequalities; 11 Sustainable Cities and Communities

Commitments

1 Universal Basic Mobility

2 Diversity & Inclusion

3 Equal Opportunities

Advancement & Opportunities

As we fulfil our vision to connect and grow communities, we create opportunities for others to develop themselves and grow alongside us

Contribute to the following UN SDGs:

3 Good Health and Well-being; 4 Quality Education; 8 Decent Work and Economic Growth; 9 Industry, Innovation and Infrastructure

Commitments

4 Employees

5 Business Partners

6 Future Skills & Innovation

GHG Emissions Reduction

As a low-carbon transport provider, we are committed to managing our environmental footprint and achieving carbon neutrality

Contribute to the following UN SDGs:

7 Affordable and Clean Energy; 9 Industry, Innovation and Infrastructure; 11 Sustainable Cities and Communities; 12 Responsible Consumption and Production; 13 Climate Action

Commitments

7 Carbon Emissions

8 Clean Energy and Energy Efficiency

9 Waste Management

10 Green and Low-carbon Designs

We were pleased to continue our "Art in MTR" programme, promoting arts appreciation throughout our network and hosting a diverse array of performances at Hong Kong Station's "Living Art Stage". In July 2024, as part of our 45th anniversary campaign, we hosted a photo exhibition, "Railscape Reminiscence" – curated by Hiuman Lam, the founder of "Hong Kong Reminiscence" – at Central Station to capture the journeys of passengers and dynamic scenery of MTR from the 1990s to modern-day Hong Kong. Another highlight of the year was the restoration of a 5m-long ink inscription by the "King of Kowloon", Mr Tsang Tsou-choi, located on a bridge barrier near Mong Kok East Station.

ADVANCEMENT & OPPORTUNITIES

Future Skills and Innovation

One of the many ways MTR contributes to society is by leveraging the Company's expertise to provide opportunities for members of the community. For 2024, we launched the upgraded "'Train' for Life's Journeys 2.0" programme, which was created to help over 1,000 students develop valuable skills in AI, design thinking and entrepreneurship and create innovative solutions in addressing various societal needs. We also announced the introduction of the HK$5 million "Ride to Success" scholarship programme, which will offer 45 scholarships – in honour of MTR's 45th anniversary – for local students interested in pursuing railway careers, to encourage them to contribute to the future development of railways and the community. We were also proud to support "She Loves Tech", the world's largest startup competition for female tech entrepreneurship, by sponsoring the East Asia Regional Competition as well as its "SustainConnectMove Award", which is given to startups that strive to advance human connection and sustainable urban mobility through technology.

Enabling Development of our Business Partners

MTR's compulsory Supplier Code of Practice ensures that the Company's suppliers and contractors achieve the highest levels of conduct in business ethics, human and labour rights, and supply chain management. Our Green Procurement Policy advocates for high standards of environmental protection. Meanwhile, our Modern Slavery and Human Trafficking Statement defines our commitment to preventing any incidence of modern slavery or human trafficking within our business and supply chains.

GREENHOUSE GAS EMISSIONS REDUCTION

MTR always strives to minimise the impact of its operations on the environment. On 16 March 2024, we held the "Green T Baby Fun Day" community event to celebrate the Company's 45th anniversary and promote low-carbon lifestyles for over 8,000 participants. The event featured environmentally themed activities, games, performances and workshops organised by MTR volunteers and more than 30 organisations – including green groups and NGO partners – as well as a six-metre-high "Green T Baby" inflatable installation which was later on up-cycled into reusable pouches. During the year, we also sponsored and participated in the "One Earth Summit", an event designed to promote action-focused dialogues for achieving a net-zero transition for the region, and "ReThink HK", where leaders from across the community discussed topics including sustainable mobility, urban planning, social inclusion, the circular economy and sustainable finance.

Carbon Emissions

As a leader in environmentally friendly mass transit, reducing carbon emissions is one of MTR's highest priorities. The year under review featured the service commencement of our first electric bus; we anticipate having at least 30 more in service by the end of 2026. We also conducted a research study of a new hydrogen light rail vehicle.

Clean Energy and Energy Efficiency

We are also committed to combatting climate change by increasing our generation of renewable energy to achieve lower emissions. In 2024, we completed installation works for solar photovoltaic systems at Kwun Tong Station, Tuen Mun Depot and Tai Wai Depot. We also continued to support the World Wide Fund For Nature's "Earth Hour" campaign by switching off lighting at various MTR properties on event day.

Waste Management

The three "Rs" – reduce, reuse and recycle – are central to MTR's efforts to manage waste in an environmentally friendly manner. Throughout the year, we continued our Legacy Train Revitalisation Programme by donating retired train cars and components to community groups for upcycling. In June, we organised the "Waste Wise June" campaign to further promote waste reduction and recycling across the Company. This initiative included a roadshow, two hybrid seminars and over 10 "Trash to Treasure" upcycling workshops for over 1,200 staff. That month, we also supported World Food Rescue Week 2024 by collecting over 100 kg of food for people in need. In August, we supported Hong Kong Baptist University's workwear recycling campaign "SuitSwitcher" by collecting more than 140 kg of second hand suits, workwear and accessories for donation to students.

Green and Low-carbon Designs

In 2024, seven new stations attained a "BEAM Plus" New Buildings version 2.0 Gold rating or above in Provisional Assessment from the Hong Kong Green Building Council. Such qualifications demonstrate the Company's efforts to incorporate principles of sustainability into every aspect of station development, from planning, design and construction to maintenance and operation.

Sustainable Finance

In 2024, we arranged approximately HK$7.4 billion in green finance as governed by our sustainable finance framework, including RMB4.5 billion from our first public issuance of offshore Renminbi Green Bonds. The majority of this sustainable financing will go into funding the construction of new railway lines as well as various railway-related energy saving and energy efficiency projects. Further details of our sustainable investments are provided in our annual Sustainable Finance Report, which is published on our sustainability website. We also expanded our sustainable financing with bank loans that come with sustainability-linked clauses, where the Company will enjoy a modest economic benefit if pre-agreed environmental KPIs in carbon emissions reduction are achieved at specific observation times.

INDICES AND RECOGNITION

MTR was once again included in S&P's Sustainability Yearbook for placing within the top 15% of its industry in terms of sustainability performance. Criteria are based on S&P Global ESG Scores calculated from S&P's Corporate Sustainability Assessment. The Company was also included once again in S&P's Sustainability Yearbook (China Edition) and the FTSE4Good Index Series.

In 2024, MTR also continued to be a constituent company in major indices, including the Hang Seng Corporate Sustainability Index, Hang Seng (Mainland and HK) Corporate Sustainability Index and Hang Seng Corporate Sustainability Benchmark Index.

VALUE ADDED AND DISTRIBUTION STATEMENT IN 2024

(HK$ MILLION)

Economic Value Generated

Revenue from Hong Kong Transport Operations	23,013
Revenue from Hong Kong Station Commercial Businesses	5,343
Revenue from Hong Kong Property Rental and Management Businesses	5,379
Revenue from Mainland China and International Subsidiaries	25,467
Revenue from Other Businesses[1]	2,149
Hong Kong Property Development Profit from Share of Surplus, Income and Interest in Unsold Properties	12,185

Total: 73,536

Economic Value Distributed

Staff Costs[2]	Employees	16,454	68,567
Capital and Operating Expenditures in Maintaining, Upgrading and Renewing the Existing Hong Kong Railway System	Existing Hong Kong Railway System	17,038	
Other Operating Costs[3]	Suppliers & Business Partners	19,038	
Fixed and Variable Annual Payments	KCRC	3,775	
Interest and Finance Costs[4]	Lenders	1,605	
Taxes[5]	Governments	2,475	
Ordinary Dividends Paid	HKSAR Government	6,071	
	Other Shareholders	2,076	
Community Investment[6]	Community	35	
Economic Value Retained for Reinvestment[7]			4,969

Total: 73,536

Notes:

1 *Includes share of profit of associates and joint ventures.*

2 *Excludes staff costs related to Hong Kong railway system maintenance of HK$2,924 million, capitalised for asset creation of HK$3,330 million and recoverable of HK$690 million.*

3 *For simplicity reason, other operating costs include interest income of HK$1,241 million, netted with non-controlling interests of HK$295 million. Excludes operating costs related to Hong Kong railway system maintenance of HK$2,628 million.*

4 *Excludes interest expenses capitalised for asset creation of HK$964 million.*

5 *Represents current tax and excludes deferred tax for the year.*

6 *Includes donations, sponsorships and other community engagement contributions, and excludes in-kind donations of HK$35 million given. In addition, there were (i) ongoing fare concessions of approximately HK$3.1 billion and (ii) other fare promotions that have not been accounted for in this amount.*

7 *Economic value retained for reinvestment to generate future economic values. This represents underlying business profit attributable to shareholders of the Company (before depreciation, amortisation and deferred tax) for the year retained, after the amounts distributed to our stakeholders and invested in maintenance, upgrade and renewal of our Hong Kong railway system.*

HUMAN RESOURCES

To ensure business sustainability and service quality in a challenging labour market, we invest substantial resources in employee engagement as well as learning and development to help them achieve career growth and workplace satisfaction. As at 31 December 2024, MTR and its subsidiaries employed 18,411 staff in Hong Kong and 13,411 staff outside of Hong Kong. The Company's associates and joint venture employed an additional 21,779 staff in Hong Kong and around the world.

RECRUITMENT, TALENT MANAGEMENT AND RETENTION

MTR's voluntary staff turnover rate in Hong Kong was 6.2% in 2024. We attract and retain staff by enhancing our employer brand, offering competitive pay and benefits as well as short- and long-term incentive schemes under our total reward framework. Pay and benefits are regularly reviewed to maintain market competitiveness. Staff are also recognised and rewarded through a performance-based pay review mechanism as well as various motivational and awards schemes.

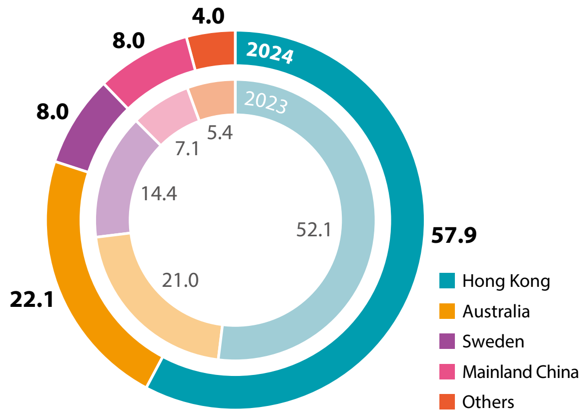
To promote career growth, we prioritise employee engagement and offer comprehensive learning and development programmes for staff. We also strive to foster a caring and progressive workplace by implementing family-friendly policies and promoting work-life balance.

To prepare for a comprehensive and resource-intensive new phase of railway development in Hong Kong, we put focus on succession planning and nurturing the next generation of leadership. Our Management Potential Development Programme and Management Development Initiative help us identify and develop supervisors and managers with leadership potential through structured assessments and development including cross-unit job rotations. In 2024, we also welcomed 76 high-calibre graduates to join various Corporate Graduate Development Programmes, and 202 apprentices and technician associates were recruited to join the Apprenticeship Scheme. During the year, we made conditional offer for eligible summer interns to join the Graduate Development Programmes.

Elsewhere, we have expanded our recruitment channels and outreach efforts to further build our pipeline of talent. Participation in the CareerConnect Expo and Global Talent Summit enabled the Company to engage with exceptional talent globally. Other initiatives include Employee Referral Programme, Joining Bonus Programme, flexibility for deferred retirement, digital and social media campaigns, and traditional media and advertising campaigns. We also organise recruitment days and career talks, partnership programmes with government departments, ethnic minority groups and local communities to offer job opportunities to people with diverse background.

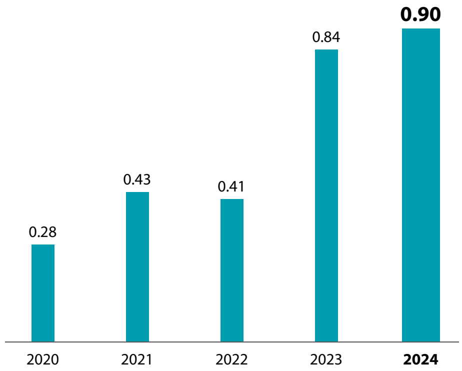
Staff Distribution by Geographical Location

(Percentage)



Staff Productivity – Earnings Per Employee*

(HK$ million)



* *Hong Kong businesses excluding property development*

STAFF MOTIVATION AND ENGAGEMENT

MTR conducted a full-scale Employee Engagement Survey in late 2023, which achieved an overall response rate of 77% and higher employee engagement scores. Results and insights were communicated to management and staff in 2024 through a variety of channels. Ten follow-up action planning taskforces have been formed at the Corporate and Business Unit/Function levels to design and execute action plans for addressing identified focus areas.

To celebrate MTR 45th anniversary and build team spirit, the Company organised numerous employee engagement activities such as distribution of special souvenirs, community volunteering programmes, Global Photo Contest, staff priority sessions for the "Green T Baby Fun Day", the "Station Rail Voyage" exhibition at Hung Hom Station, and the "Chill Fun Trainival", as well as three concerts exclusively for staff by pop singers in Hong Kong.

LISTENING AND RESPONDING TO EMPLOYEES

We are committed to fostering close communications with staff. Our Staff Consultation Mechanism enables management to keep close connection with more than 1,000 directly elected staff representatives and discuss matters of common concern. We hold quarterly meetings for the Staff Consultative Council and 50 Joint Consultative Committees. In addition, we organised eight communication sessions with staff representatives and unions in 2024 to provide updates on the latest developments in our business and address their concerns.

In 2024, we continued to communicate corporate update with staff around the world through various channels including CEO messages and blog posts, videos, focus groups, site visits and council meetings. Five management forums and meetings were organised to connect with managers from Hong Kong, the Mainland of China and overseas hubs.

A CULTURE OF CONTINUOUS LEARNING

MTR invests significantly in staff training, development and career advancement to ensure we grow and succeed with our employees. In 2024, we provided an average of 7.7 training days per employee in Hong Kong.

We continue to emphasise innovation and technology to strengthen staff's future skills and ensure that we stay up to date with technology relevant to our industry. These include launching training courses on technology, robotics and AI. To develop leadership capability and support the Company's succession planning goals, we have a wide range of leadership and soft skills, training. In particular, we introduced Leaders Connect, a programme specifically designed to equip our senior leaders with the essential skills needed to thrive in an ever-evolving business landscape.

INVESTOR RELATIONS

MTR has developed a reputation as a leader in investor relations that practises high standards of corporate governance and disclosure. The Company believes in enhancing shareholder value through transparent and proactive communication of its strategies, business development and future, and it prioritises regular engagement of institutional and retail investors.

COMMUNICATING WITH INVESTORS

Our continuous engagement with the investment community has made MTR one of the most widely covered listed companies in Hong Kong. We are followed by many international and local brokers, research analysts, and a wide range of institutional investors.

MTR management makes every effort to ensure that investors have a thorough understanding of the Company's business. In 2024, we held approximately 310 meetings with institutional investors and analysts globally.

The Company's Annual General Meeting ("AGM") is one of its principal channels of shareholder communication. Further details on the 2024 AGM are set out in the "Annual General Meeting" section of the "Corporate Governance Report" on page 104 of this Annual Report.

ACCESS TO INFORMATION

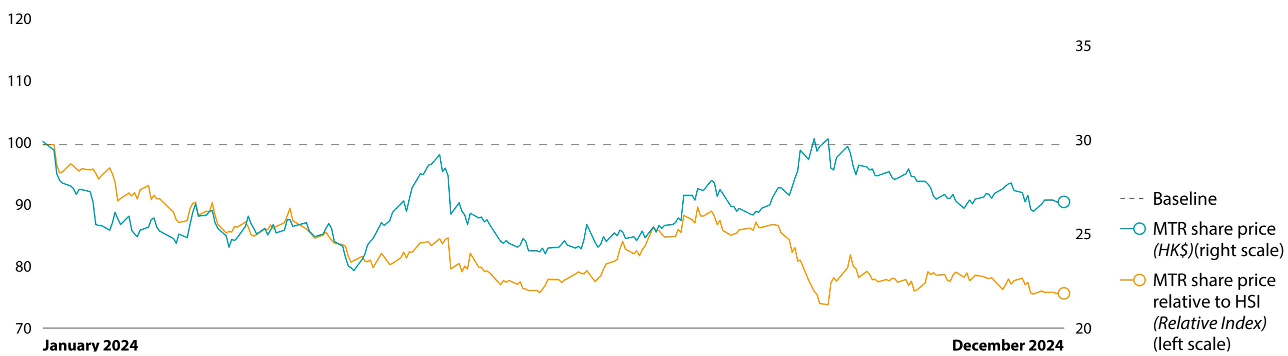
Our corporate website provides investors with equal and timely access to Company information. The Investor Information section provides details on our financial performance in readily accessible form. Financial reports, patronage figures, Notable Events/IR News and Stock Exchange filings are all accessible on the website.

INDEX LISTING AND RECOGNITIONS

MTR's shares have been listed on the Stock Exchange of Hong Kong since 2000, and the Company has been included as a Hang Seng Index constituent stock since 2001.

Our Annual Report achieves considerable recognition each year for presenting a clear picture of the Company's performance and strategy. These recognitions are listed in the "Key Awards" section on page 5 of this Annual Report.

SHARE PRICE PERFORMANCE



FINANCIAL CALENDAR 2025

Announcement of 2024 annual results	6 March
Annual General Meeting	21 May
Ex-dividend date for 2024 final dividend	23 May
Book closure period for 2024 final dividend	27 May to 30 May
2024 final dividend payment date	13 June
Announcement of 2025 interim results	August
Ex-dividend date for 2025 interim dividend	August
Book closure period for 2025 interim dividend	August
2025 interim dividend payment date	September
Financial year end	31 December

DIVIDEND INFORMATION

Dividend per Share

	(in HK$)
2023 Total Ordinary Dividend	1.31
2024 Interim Ordinary Dividend	0.42
2024 Final Ordinary Dividend	0.89

Dividend history can be found in our corporate website.

Dividend Policy

The Company has a progressive ordinary dividend policy. The aim of this policy is to steadily increase or at least maintain the Hong Kong dollar value of ordinary dividends per share annually. In setting the proposed level of dividend payable in respect of any period, the Board considers, inter alia, the financial performance and future funding needs of the Company.

SHAREHOLDINGS AS AT 31 DECEMBER 2024

Ordinary Shares

Shares outstanding	6,224,823,171 shares
Hong Kong SAR Government Shareholding	4,634,173,932 shares (74.4%)
Free float	1,590,649,239 shares (25.6%)

Market Capitalisation

As at 31 December 2024	HK$ 168,693 million

SHARE INFORMATION

Stock Codes

The Stock Exchange of Hong Kong	66
Reuters	0066.HK
Bloomberg	66 HK Equity

CONTACTS

Shareholder Services

Any matters relating to your shareholding, such as transfer of shares, change of name or address, and loss of share certificates should be addressed in writing to the Registrar:

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East, Wan Chai, Hong Kong

Telephone: (852) 2862 8628
Facsimile: (852) 2529 6087
Website: https://www.computershare.com/hk/en

Shareholder Enquiries

Shareholders are, at any time, welcome to raise questions and request information (to the extent it is publicly available) from the Board and management by writing to the Company Secretary, MTR Corporation Limited, MTR Headquarters Building, Telford Plaza, Kowloon Bay, Kowloon, Hong Kong. Any such letter from the shareholders should be marked "Shareholders' Communications" on the envelope.

Our enquiry hotline is operational during normal office hours:
Telephone: (852) 2881 8888

Investor Relations

For enquiries from institutional investors and securities analysts, please contact:

Investor Relations Department, MTR Corporation Limited
MTR Headquarters Building, Telford Plaza, Kowloon Bay,
Kowloon, Hong Kong

Email: investor@mtr.com.hk

Financial Reports

Shareholders can obtain copies of our annual/interim reports by writing to:

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East, Wan Chai, Hong Kong

If you are not a shareholder, please write to:
Corporate Affairs Department, MTR Corporation Limited
MTR Headquarters Building, Telford Plaza,
Kowloon Bay, Kowloon, Hong Kong

Our annual/interim reports are also available online at our corporate website.

Principal Place of Business and Registered Office

MTR Corporation Limited, incorporated and domiciled in Hong Kong.
MTR Headquarters Building, Telford Plaza, Kowloon Bay, Kowloon, Hong Kong

Telephone: (852) 2993 2111
Facsimile: (852) 2798 8822

CORPORATE GOVERNANCE REPORT

Strong governance is critical for the Company in achieving its vision and fulfilling its purpose, and doing so in a way that delivers long term sustainable value for all of its stakeholders. This Report describes the corporate governance best practices that the Company has adopted and highlights how the Company has applied the principles of the code provisions set out in Appendix C1 (Corporate Governance Code) to the Listing Rules (the "CG Code").

The Board has the overall responsibility for effective corporate governance and for ensuring that the Company's governance framework (which is described in this Report) enables it to oversee and address environmental and social issues that are material to the operations and businesses of the Company. The Environmental & Social Responsibility Committee has strategic oversight of the Company's environmental and social strategy and is also responsible for tracking performance against the Company's environmental and social commitments and reporting to the Board on these issues. For details of its principal responsibilities and the work performed during the year, please refer to pages 79 to 80 of this Report.

To keep its stakeholders abreast of the Company's initiatives and performance in the environmental and social arenas, a separate Sustainability Report is published on an annual basis. The Sustainability Report complies with the Environmental, Social and Governance Reporting Code as set out in Appendix C2 to the Listing Rules, has been prepared in accordance with the Global Reporting Initiative Reporting Standards, and makes reference to various international reporting guidelines and requirements, including the International Association of Public Transport (UITP) Sustainability Reporting Guide, ISO 26000 Guidance on Social Responsibility and the World Economic Forum's (WEF) Stakeholder Capitalism Metrics. The Company also discloses climate-related information in line with the framework recommended by the Task Force on Climate-related Financial Disclosures (TCFD). In addition, the Report has been prepared with reference to the International Financial Reporting Standards (IFRS) S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures, and the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD). The Company's Sustainability Report 2024 covering the period from 1 January to 31 December 2024 is available, together with this Annual Report, on the websites of both the Company (www.mtr.com.hk) and the Stock Exchange.

The Company also issues an annual Sustainable Finance Report, which is available on the Company's website (www.mtr.com.hk) and responds to CDP (previously the Carbon Disclosure project) on climate related risks, opportunities and disclosures.

VISION, PURPOSE, CORPORATE STRATEGY, VALUES AND CULTURE

The Company's vision is to be an internationally recognised company that connects and grows communities with caring, innovative and sustainable services.

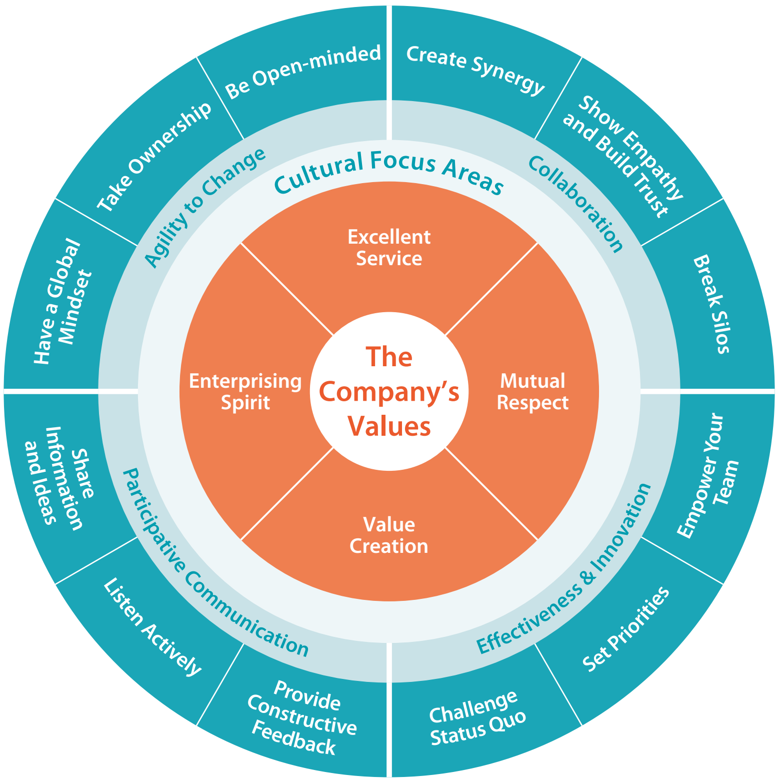
The Company's Corporate Strategy – "Transforming the Future" (the "Corporate Strategy") was adopted by the Board in mid-2020 and established clear business priorities and environmental and social goals with a view to maintaining competitiveness and driving the sustainability of the Company's businesses, as well as creating healthy, long-term symbiotic relationships with the communities in which the Company operates. With a clearly defined purpose of "keeping cities moving", the Corporate Strategy defined a more fit-for-future organisation, with a strengthened Hong Kong core, steady growth in Mainland China and internationally and powerful new growth engines – three strategic pillars so that the Company can stay competitive in a fast-changing business environment. Regular reports on the progress of the implementation of the Corporate Strategy and the associated enablers, both financial and non-financial, were presented to the Board during the year ended 2024.

The Board also, periodically and on an ongoing basis, reviews and adjusts the Corporate Strategy to take account of, inter alia, changes in the external environment to ensure that the Company is prepared to address evolving challenges such as the delivery of the Company's new rail project portfolio and other future infrastructure projects for Hong Kong, changing travel and retail patterns and the new generation workforce.

A Board Strategy Workshop was organised in January 2024 aiming to align strategic development directions and priorities at Board and Management levels for the first of these challenges. The evolution of such challenges and the progress made in addressing them in the pursuit of long-term sustainable business growth will be regularly tracked and reported in future reviews to the Members of the Board and the Executive Directorate.

The Corporate Strategy is underpinned by a set of values (Excellent Service, Mutual Respect, Value Creation and Enterprising Spirit), which help provide all staff with a clear indication of what is expected from them, from both a performance and a competency perspective. To foster a corporate culture which is aligned with the Company's vision, purpose, strategy and values, and align the mindsets and behaviours of staff to support the delivery of the Corporate Strategy, the Company has established four cultural focus areas and associated attributes.

The alignment of the Company's values with cultural focus areas (and their associated attributes) is illustrated in the diagram below:



To continue promoting the desired corporate culture, a series of actions have been undertaken by the Company during the year including:

- demonstrating "participative communication" as leaders actively engage with colleagues' needs through multi-dimensional communication channels, ranging from Chief Executive Officer ("CEO") focus groups, Employee Engagement Surveys and Business Unit/Function-specific townhalls. These two-way communications help improve mutual understanding amongst colleagues from diverse backgrounds, enhancing employee engagement and collaboration, thereby facilitating the achievement of organisational goals and values;
- putting "effectiveness and innovation" into practice by challenging the status quo and developing various innovative projects through the adoption of advanced technology related to smart railway operations and maintenance. These efforts enhance not only the monitoring of railway assets but also the Company's customer service and incident handling. In 2024, the Company's research and development efforts in smart railway gained international recognition by winning 21 awards at the 49th International Exhibition of Inventions of Geneva, setting a new record for the Company;
- demonstrating "agility to change" and commitment to build an inclusive workplace by launching a new Job Sharing Scheme. The scheme helps maximise manpower utilisation and attracts job applicants who seek more flexibility on work arrangements. In addition, new recruitment channels have been

established to reach broader and more diverse groups of potential applicants, such as job fairs held at the Kowloon Mosque and Islamic Centre, Sikh Temple, MTR Malls, and the use of recruitment buses;

- providing regular training sessions to strengthen different aspects of the corporate culture, with over 2,000 participants attending in 2024; and
- building cultural awareness on an ongoing basis through (a) the Living the MTR Values Award Scheme which aims at honouring colleagues from different business units and functions who have lived out the Company's values in their day to day work; and (b) the MTR Grand Awards for Outstanding Contribution to recognise individuals and teams who have displayed exemplary performance or behaviour in line with the Company's culture and values.

The Company has also continued to embed its Environmental and Social ("E&S") Objectives and the three lines of defence model into its daily operations. On the E&S front, a set of Key Performance Indicators ("KPIs") are developed annually, consisting of short-, mid- and long-term initiatives to gauge and drive the Company's performance under its three E&S Objectives: (i) Social Inclusion; (ii) Greenhouse Gas Emissions Reduction; and (iii) Advancement and Opportunities, further details of which are set out in the Sustainability section of the Company's website (www.mtr.com.hk).

For more details about the Company's approach to human capital management, including how the corporate culture is nurtured, as well as how the Company approaches equal employment opportunities and diversity and inclusion, please refer to the Sustainability Report 2024.

CORPORATE GOVERNANCE PRACTICES

Corporate governance is the collective responsibility of the Members of the Board and the Board firmly believes that good corporate governance is fundamental in ensuring the proper management of the Company in the interests of all of its stakeholders. The Board actively seeks opportunities for continuous improvement in the area of corporate governance and takes prompt action in responding to identified improvement opportunities.

The Company's efforts and achievements in corporate governance and environmental, social and governance ("ESG") were recognised by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which honoured the Company with a Gold Award in the Most Sustainable Companies/Organizations Awards in the Hang Seng Index category under HKICPA's 2024 Best Corporate Governance and ESG Awards. This award recognises companies that have performed to a high standard in both corporate governance and ESG and have taken steps to integrate these two elements into their values, strategies and operations. The Company also received a KPMG ESG 50 Awards' Corporate Governance Pioneers Award. This award recognised the Company's strong performance in terms of governance structures, decision making mechanisms, internal controls and information disclosure.

According to the Consultation Conclusion of the Review of Corporate Governance Code and Related Lising Rules issued in December 2024, the revised CG Code and related Listing Rules will come into effect from 1 July 2025. As at the date of this Report, the Company already complies with many of the revised CG Code requirements, including (1) no Independent Non-executive Director ("INED") concurrently holds directorships in more than six listed issuers; (2) no INED has served on the Board for more than nine years; and (3) the Nominations Committee conducts an annual review of the Board Diversity Policy and has done so since 2021. For compliance with the revised CG Code, the Company updated the terms of reference of the Nominations Committee in January 2025 to add a number of additional requirements including assisting the Board in maintaining a skills matrix, reviewing the time commitment and contribution of each Member of the Board on at least an annual basis and supporting the Company's regular evaluation of the Board's performance. In March 2025, the Nomination Policy and Board Diversity Policy were also updated and a new Workforce Diversity Policy was adopted. Work is ongoing to ensure that the Company will be ready to comply with all remaining new or updated requirements.

The Company continues to monitor developments in the arena of corporate governance externally to ensure the suitability and robustness of its corporate governance framework in light of the evolving business and regulatory environment and to meet the expectations of stakeholders.

CORPORATE GOVERNANCE CODE COMPLIANCE

During the year ended 31 December 2024, the Company has complied with the code provisions as set out the CG Code. In the following corporate governance areas, the Company's practices have exceeded the relevant CG Code/Listing Rules requirements:

Corporate Governance Areas	Details of Exceedance by the Company
Number of INEDs	The number of INEDs represents two-thirds of the Board, which exceeds the independence requirement under the Listing Rules
Number of INEDs in Audit & Risk Committee	The Audit & Risk Committee consists of five INEDs, which exceeds the independence requirement under the Listing Rules
Professional qualifications or accounting or related financial management expertise	There are three INEDs who have professional qualifications or accounting or related financial management expertise, which exceeds the number required under the Listing Rules
Number of Regular Board Meetings	The Company holds seven Regular Board Meetings each year and Special Board Meetings are held as and when required, which exceeds the requirement under the CG Code
Notice of Regular Board Meetings	The dates of Regular Board Meetings for the following year are usually fixed in the third quarter of the preceding year
Notice of Annual General Meeting ("AGM")	A notice period of at least 20 clear business days before the date of AGM is given, which exceeds the requirement under the Listing Rules
Model Code Confirmation	• Confirmation of Compliance with the Model Code is obtained from each Director and Model Code Manager (as defined under the section "Model Code for Securities Transactions by Directors of Listed Issuers") every half-year • An electronic platform has been established to give one-stop access to the relevant key processes to support compliance with the Model Code
Evaluation of the effectiveness of risk management system	• The Company reviews not only the effectiveness of the risk management system of the Company and its subsidiaries, but also that of its key associates operating in Mainland China and overseas • The Company has established a risk-based three lines of defence framework to ensure appropriate focus is applied to relevant risks and provide recommendations to address identified gaps and inefficiencies
Gender diversity at Board Committees/ Advisory Panel	As at the date of this Report, five out of the seven Board Committees/ Advisory Panel of the Company have members of different genders. The Audit & Risk Committee is chaired by a female member

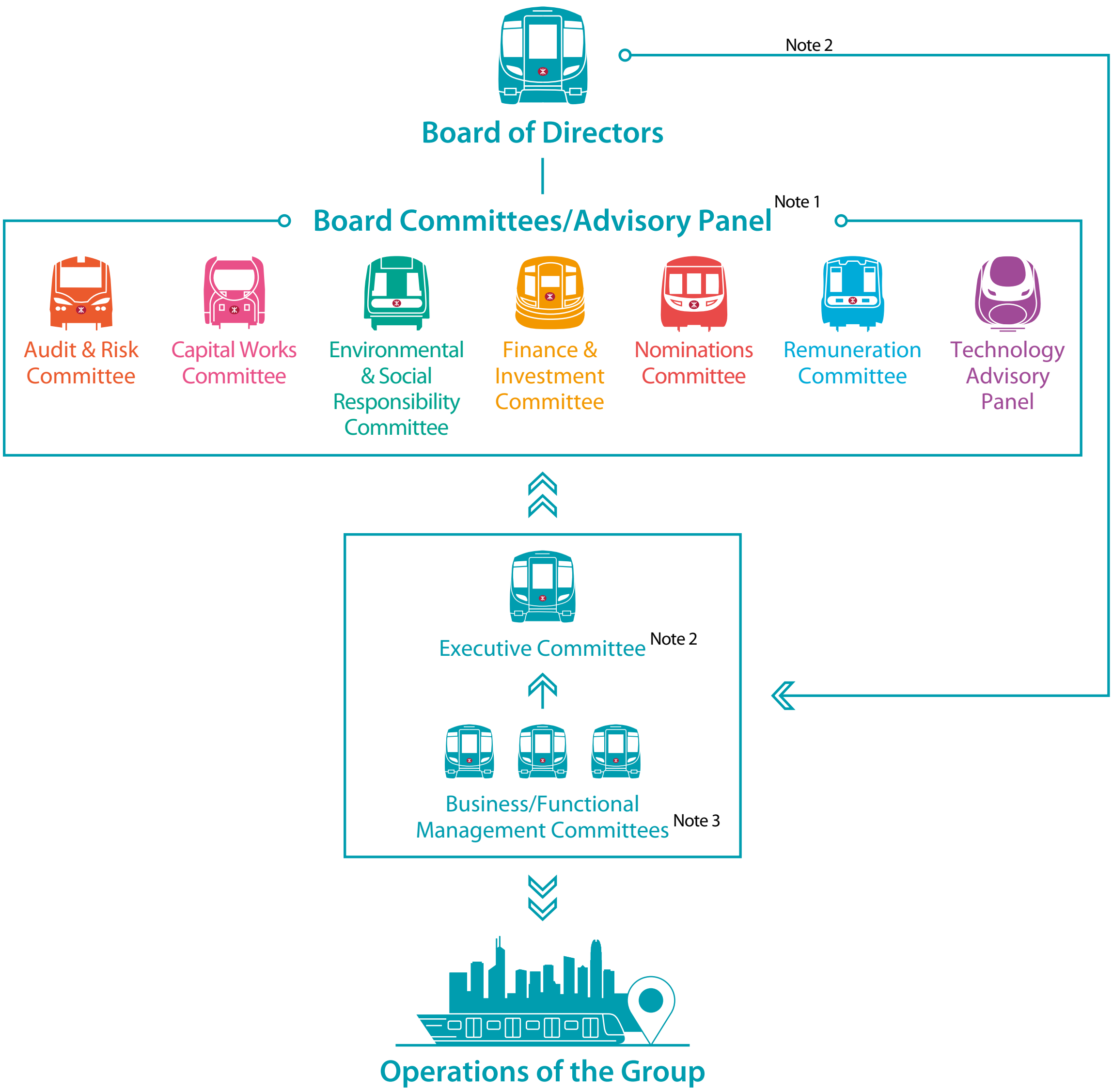
THE BOARD OF DIRECTORS

Overall Management

The overall management of the Company's business is vested in the Board. Pursuant to the Articles of Association and the "Protocol: Matters Reserved for the Board" (the "Protocol") adopted by the Board, the Board has delegated the day-to-day management of the Company's business to the Executive Committee and focuses its attention on matters affecting the Company's overall strategic policies, corporate governance, finances and shareholders. These include financial statements, dividend policy, significant changes in accounting policies, annual operating budget, certain material contracts, strategies for future growth, major financing arrangements and major investments, corporate governance functions, risk management and internal control systems, treasury policies and fare structures. The Board reviews the delegation arrangement periodically.

To enable the Board to maintain adequate oversight, the Board receives updates and briefings on matters that have a significant impact on the Company's operations and businesses on a regular basis, supplemented by ad hoc reporting as and when required.

Below is a diagram of the governance structure of the Company:



Notes:

1. *All Board Committees/Advisory Panel are provided with sufficient resources to discharge their duties and can seek independent professional advice (as and when required) at the Company's expense to perform their responsibilities. The terms of reference of each Board Committee/Advisory Panel are available on the respective websites of the Company (www.mtr.com.hk) and the Stock Exchange.*
2. *The Executive Committee is delegated by the Board to handle the day-to-day management of the Company's business pursuant to the Articles of Association and the Protocol and is chaired by the CEO and made up of nine other Members of the Executive Directorate.*
3. *Business/Functional Management Committees are set up to assist the Executive Committee in the management and control of the Company's various core businesses and functions.*

Composition of the Board

A list of Members of the Board and the Executive Directorate and their roles and functions is available on the respective websites of the Company (www.mtr.com.hk) and the Stock Exchange. Biographical details of each of the Members of the Board and the Executive Directorate are set out on pages 121 to 134 of this Annual Report.

As at the date of this Report, the Board has 18 Members, made up of 12 INEDs, five Non-executive Directors ("NEDs") and one Executive Director ("ED"). This structure ensures that the Board is comprised of a majority of independent members, which is conducive to maintaining an independent and objective decision-making process.

Government, through The Financial Secretary Incorporated, held approximately 74.45% of the issued shares of the Company as at 31 December 2024, and is a substantial shareholder of the Company. The Chief Executive of the HKSAR, in the exercise of his right under Section 8 of the MTR Ordinance, has appointed three persons as "additional directors" of the Company (the "Additional Directors"). They are:

- The office of the Secretary for Transport and Logistics (currently held by Ms Mable Chan);
- The office of the Permanent Secretary for Development (Works) (currently held by Mr Ricky Lau Chun-kit); and
- The office of the Commissioner for Transport (currently held by Ms Angela Lee Chung-yan).

The Additional Directors are all NEDs and are treated for all purposes (other than the requirement to retire by rotation according to the Articles of Association) in the same way as other Members of the Board and are, therefore, subject to the usual common law duties of directors, including the requirement to act in the best interests of the Company.

Mr Christopher Hui Ching-yu, the Secretary for Financial Services and the Treasury, is another NED of the Company.

Coming from diverse business and professional backgrounds, Members of the Board actively bring their valuable experience to the Board for promoting the best interests of the Company and its shareholders. In addition, the INEDs also contribute to ensuring that the interests of all stakeholders of the Company are taken into account by the Board and that relevant issues are subject to objective and dispassionate consideration by the Board.

Chairman and CEO

The posts of the Chairman and the CEO are distinct and separate. Their respective roles and responsibilities are set out below:

Chairman
(Non-executive Director)

- Chairing and managing the operations of the Board;
- Monitoring the performance of the CEO and other Members of the Executive Directorate;
- Making sure that adequate information about the Company's business is provided to the Board on a timely basis;
- Providing leadership for the Board and promoting a culture of openness;
- Ensuring views on all issues are exchanged by all Members of the Board in a timely manner;
- Encouraging Members of the Board to make a full and effective contribution to the discussion at Board Meetings; and
- Establishing good corporate governance practices and procedures.

CEO
(Executive Director)

- Head of the Executive Directorate;
- Chairman of the Executive Committee;
- Responsible to the Board for managing the business of the Company; and
- Responsible for performing a bridging function between the Board and the Executive Directorate.

Board Committees/Advisory Panel(s)

As mentioned in the section headed "Overall Management" above, pursuant to the Articles of Association and the Protocol, the Board has delegated the day-to-day management of the Company's business to the Executive Committee and focuses its attention on matters affecting the Company's overall strategic policies, corporate governance, finances and shareholders. The Board discharges some of its said responsibilities through delegation, with appropriate oversight, to respective Board Committees and Advisory Panel(s). The memberships of the Company's existing Board Committees and Advisory Panel and the attendance record of each Member of the Board in 2024 are set out on pages 92 to 93 of this Report.

The duties and work performed by the Audit & Risk Committee, Capital Works Committee, Finance & Investment Committee and Remuneration Committee during the year are set out in their respective reports in this Annual Report:

- "Audit & Risk Committee Report" on pages 106 to 108;
- "Capital Works Committee Report" on page 114;
- "Finance & Investment Committee Report" on page 115; and
- "Remuneration Committee Report" on pages 116 to 120.

Nominations Committee

The Nominations Committee consists of five NEDs, three of whom are INEDs. The Chairman is an INED. The Committee currently has two female members.

During the year, the Company amended the terms of reference of the Nominations Committee to allow more flexibility in its membership composition and, in January 2025, the terms of reference were further amended to comply with certain new provisions of the revised CG Code to be implemented on 1 July 2025. Further updates to the terms of reference will be made in the future when the additional new provisions of the revised CG Code take effect. The terms of reference are available on the respective websites of the Company (www.mtr.com.hk) and the Stock Exchange.

Principal responsibilities (with effect from January 2025):

- Assisting the Board in maintaining a skills matrix (the "Board Skills Matrix") and reviewing the structure, size and composition (including the perspectives, skills, diversity, knowledge and experience) of the Board, the appropriateness and effectiveness of the Board Diversity Policy (the "BD Policy") (including any gender diversity targets therein) and Nomination Policy, as well as the adequacy and appropriateness of the Board Skills Matrix, at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy and for succession planning purposes;
- Identifying individuals suitably qualified to become Members of the Board and putting forward nominations or recommendations to the Board for proposed appointments to the Board;
- Assessing the independence of INEDs;
- Reviewing annually the time commitment and contribution of each director to the Board, as well as the director's ability to discharge his/her responsibility effectively, taking into account their professional qualifications and work experience, existing directorships of issuers listed on the Main Board or GEM and other significant external time commitments and other factors or circumstances relevant to the director's character, integrity, independence and experience; and to conduct other assessments in accordance with the Listing Rules;
- Supporting the Company's regular evaluation of the Board's performance;
- Making recommendations to the Board on the appointment or re-appointment of Members of the Board and succession planning for Members of the Board; and
- Nominating and recommending to the Board candidates for filling the positions of CEO, Finance Director and Chief Operating Officer (provided that the Chief Operating Officer position exists).

During the year, the Committee conducted reviews, discussed and, where applicable, made corresponding recommendations to the Board in respect of the following matters:

- 2023 annual review of the structure, size and composition of the Board, the Nomination Policy, the BD Policy and the list of skillsets;
- Annual assessment of the independence of each INED;
- Re-election of Members of the Board retiring at the Company's Annual General Meeting held on 22 May 2024 (the "2024 AGM");
- Proposed nomination of a new Member of the Board for election by shareholders at the 2024 AGM;
- Succession planning for the Board;
- Preview of potential changes to the Corporate Governance Code and related Listing Rules and associated implications; and
- Commencement of the process to recruit a new CEO.

Board succession is an on-going process for the Company and is discussed by the Nominations Committee on a regular basis. The Nominations Committee manages Board succession and considers prospective candidates based on merit and taking a long-term, strategic view of the competencies and experience necessary to complement the Corporate Strategy, as well as the other factors highlighted in the Company's Nominations and BD Policies.

After the end of 2024 and up to the date of this Report, the Nominations Committee has, inter alia, (i) conducted the 2024 annual review of the size, structure and composition (including skills/experience/perspectives) of the Board and considered the same is appropriate in light of the Company's strategy and business needs and the list of skillsets of the Board; (ii) conducted an annual assessment of the independence of each INED; and (iii) assessed and recommended the re-election of the retiring Members of the Board and proposed nomination of a new Member of the Board for election at the 2025 Annual General Meeting of the Company (the "2025 AGM"). The Nominations Committee has also concluded that the Board (1) currently possesses a balanced mix of skills, experience and diversity of perspectives; (2) is in line with the Company's BD Policy; and (3) is appropriate for continuing to support the execution of the Company's business strategies in an efficient and effective manner.

Environmental & Social Responsibility Committee

The Environmental & Social Responsibility Committee consists of seven members, made up of two INEDs, two NEDs and three Members of the Executive Directorate. The Environmental & Social Responsibility Committee is chaired by the Chairman of the Company. Its terms of reference are available on the respective websites of the Company (www.mtr.com.hk) and the Stock Exchange.

Principal responsibilities:

- Engaging in any activity and acting as an advisor to the Board in respect of matters falling within the Committee's terms of reference;
- Approving the Company's E&S strategy;
- Overseeing the setting and achievement of targets under the Company's E&S strategy;
- Monitoring and overseeing the Company's E&S (including safety) performance and the related frameworks and initiatives;
- Approving E&S investments by the Company in excess of the thresholds set by the Board, in accordance with the Company's E&S investment framework;
- Overseeing the Company's stakeholder engagement strategy;
- Identifying emerging corporate responsibility and sustainability issues arising from external trends;
- Reviewing the Company's annual Sustainability Report and recommending endorsement by the Board; and
- Providing updates to the Board on matters falling within the Committee's remit as required.

Please also refer to the "Environmental & Social Responsibility" section (pages 63 to 67) of this Annual Report.

Work performed during the year:

- Monitored the advancement of the E&S Objectives of Social Inclusion, Greenhouse Gas Emissions Reduction and Advancement & Opportunities;
- Reviewed and recommended the Sustainability Report 2023 to the Board for approval;
- Considered the Company's performance on various local and international sustainability indices;
- Reviewed the progress made towards meeting the Company's E&S key performance indicators;
- Reviewed the allocation of the ESG Fund to eligible projects; and
- Monitored the progress of various community programmes and investment programmes.

As at the date of this Report, the Environmental & Social Responsibility Committee has conducted, inter alia, an annual review of the adequacy of the Company's resources for ESG performance and reporting. For more information, please refer to the "Evaluation of the Adequacy of Resources of the Company's Accounting, Financial Reporting and Internal Audit Functions and for ESG Performance and Reporting" under the section headed the "Risk Management and Internal Control Systems" (page 100) of this Report.

Technology Advisory Panel

The Technology Advisory Panel consists of two INEDs, one NED and an external advisor. The Chairman of the Panel is an INED. The terms of reference of the Panel are available on the respective websites of the Company (www.mtr.com.hk) and the Stock Exchange.

Principal responsibilities:

- Reviewing and providing input and direction to the setting and implementation of the Company's digital strategy and "Engine 2" strategy, the Company's long-term technological development plans and implementation schemes, as well as the Group's cyber security positioning; and
- Reviewing relevant digital trends, new technologies and cyber security developments and incidents and making recommendations to the Company's Executive Directorate and, where appropriate, the Board on further developing the Company's digital strategy and cyber security positioning.

Work performed during the year:

The Panel reviewed and provided guidance on the following key matters:

- the technology governance model of the Company;
- the technology plan of a major business unit;
- the digital plan of a business unit;
- the progress of cyber security work, including initiatives, security audits and horizon scanning of incidents;
- the digital and enterprise architecture strategy; and
- updates on major digital and innovation projects.

Company Secretary

Ms Gillian Elizabeth Meller, being the Legal and Governance Director and a Member of the Executive Directorate, reports to the CEO. Her role as the Company Secretary includes:

- Providing access to advice and services for Members of the Board;
- Ensuring the correct Board procedures are followed;
- Advising the Board on all corporate governance matters;
- Arranging pre-appointment legal advice for new Members of the Board, their Alternate Directors and Members of the Executive Directorate, providing a comprehensive, formal and tailored induction programme on key areas of business operations and practices of the Company, as well as the general and specific duties of directors under general law (common law and legislation) and the Listing Rules;

- Recommending Members of the Board, their Alternate Directors and Members of the Executive Directorate to attend relevant seminars and courses; and
- Arranging for training on relevant new or amended legislation or other regulations to be provided at Board meetings.

In 2024, Ms Meller undertook over 15 hours of professional training to update her skills and knowledge.

Appointment, Re-election and Removal of Members of the Board

A person may be appointed as a Member of the Board at any time either by:

- the shareholders at general meeting in accordance with the "Appointment Procedures for Members of the Board of the Company", which is available on the website of the Company (www.mtr.com.hk); or
- the Board upon the recommendation of the Nominations Committee of the Company; or
- the Chief Executive of the HKSAR in the case of the Additional Directors.

Members of the Board who are appointed by the Board during a year must retire at the first annual general meeting after their appointment and are eligible for election at that meeting.

Except for the Additional Directors, all other Members of the Board are required to retire by rotation. At each annual general meeting of the Company, Members of the Board who were last elected or re-elected at the annual general meeting which was held in the third calendar year prior to the annual general meeting in question, are those who will retire by rotation.

The Additional Directors may not be removed from office except by the Chief Executive of the HKSAR and are not subject to any requirement to retire by rotation.

The Company has a service contract with each of the NEDs (with the exception of the Additional Directors) and the INEDs, specifying the terms of his/her continuous appointment as a NED or an INED and as the chairman or a member of the relevant Board Committee(s)/ Advisory Panel.

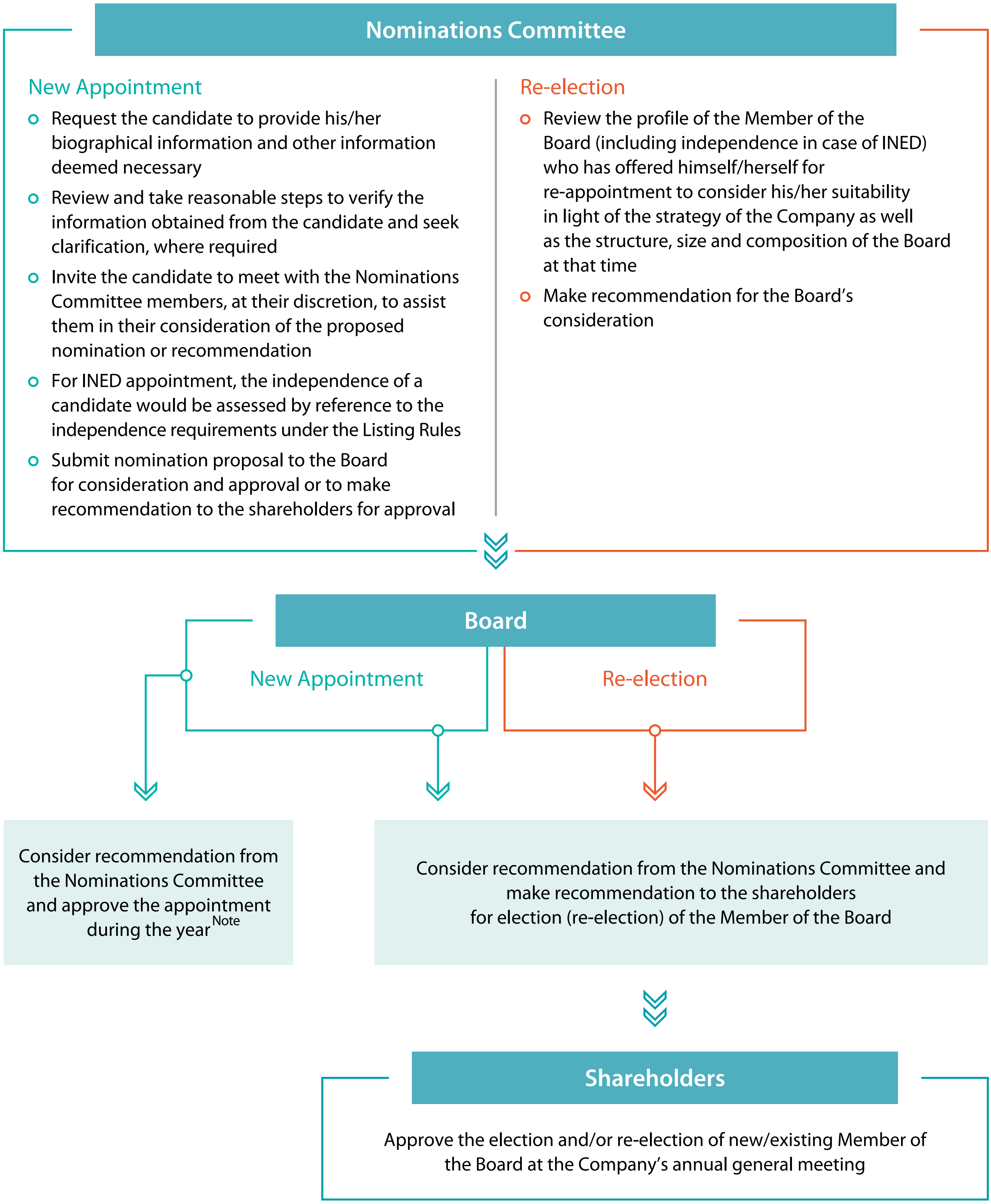
Nomination Policy

The Nomination Policy (the "Nomination Policy") sets out the process and procedures for governing the nomination of Members of the Board applicable to both new appointments and re-appointments, except for appointments made by the Chief Executive of the HKSAR pursuant to Section 8 of the MTR Ordinance and nomination by shareholders of the Company in accordance with the Articles of Association. The Nomination Policy was last updated in March 2025 to comply with certain new provisions of the revised CG Code, which will be implemented on 1 July 2025. Further updates to the Nomination Policy will be made in the future when the additional new provisions of the revised CG Code take effect. The latest Nomination Policy adopted by the Company is posted on the Company's website (www.mtr.com.hk).

The Board has delegated to the Nominations Committee the authority to identify and assess potential candidates for appointment to the Board through different means and channels, including recommendations from Members of the Board, use of external search firms and any other means or channels that it deems appropriate.

Nomination Procedures

The following diagram demonstrates the nomination procedures for new appointments and re-elections of Members of the Board (except for the Additional Directors):



Note: Save for the Additional Directors, any Member of the Board appointed during the year is subject to election by the shareholders at the next following annual general meeting.

Selection Parameters

In evaluating a proposed candidate, including a Member of the Board eligible for re-appointment, the Nominations Committee will consider the following factors (which are by no means exhaustive):

- the strategy of the Company;
- the structure, size, diversity profile, composition, skills matrix and needs of the Board and its respective Board Committees at the time (including the number of INEDs on the Board), taking into account succession planning and the diversity of the Board, where appropriate;
- the required skills, which should be complementary to those of the existing Members of the Board;
- the BD Policy of the Company as adopted/amended by the Board from time to time;
- any information obtained through third party references or background checks;
- any other factors that may be used as reference in assessing the suitability of a proposed candidate, including but not limited to the candidate's reputation for integrity, qualifications, accomplishments, likely commitment in terms of time and interest and expected contribution to the Company;
- the candidate's ability to devote sufficient time to the Board;
- the need for a strong independent element on the Board; and
- the independence of a candidate proposed to be appointed as an INED, in particular by reference to the independence requirements under the Listing Rules.

The Nominations Committee is vested with discretion to take into account such other factors that it may consider appropriate.

The Nominations Committee will review the implementation of the Nomination Policy at least annually, including the mechanisms for ensuring independent views and input are available to the Board, and make recommendations on any proposed changes to the Board for the Board's review and approval to ensure its effectiveness.

Diversity

The Company is well aware of the benefits of diversity from the perspectives of, inter alia, creativity, innovation and decision making, and has a number of initiatives underway as part of the social inclusion pillar of its E&S strategy.

Board Level

Recognising the importance of maintaining gender diversity on the Board, in 2022, the Company made a pledge to maintain not less than 20% female members on the Board and set a target of achieving 25% female members on the Board by 2025, as noted in the Company's BD Policy. Since 2022, the Board has had more than 20% female members and, as at the date of this Report, has five female members, representing over 27% of the Board and exceeding the 2025 target. All appointments will continue to be made in accordance with the Company's Nomination Policy and on a merit basis taking into account available and suitable candidates.

As at the date of this Report, five Board Committees of the Company have at least one female member and the Audit & Risk Committee is chaired by a female member.

Reflecting on the achievement of its 2025 gender diversity target (as noted above), in March 2025, the Company updated its BD Policy, with the latest version posted on the Company's website (www.mtr.com.hk). The BD Policy provides that the Company should endeavour to ensure that the Members of the Board have the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategy and in order for the Board to be effective.
A summary of the updated BD Policy is set out below:

- the Company is committed to equality of opportunity in all aspects of its business and does not discriminate on the grounds of race, gender, disability, nationality, religious or philosophical belief, age, sexual orientation, family status or any other factor;

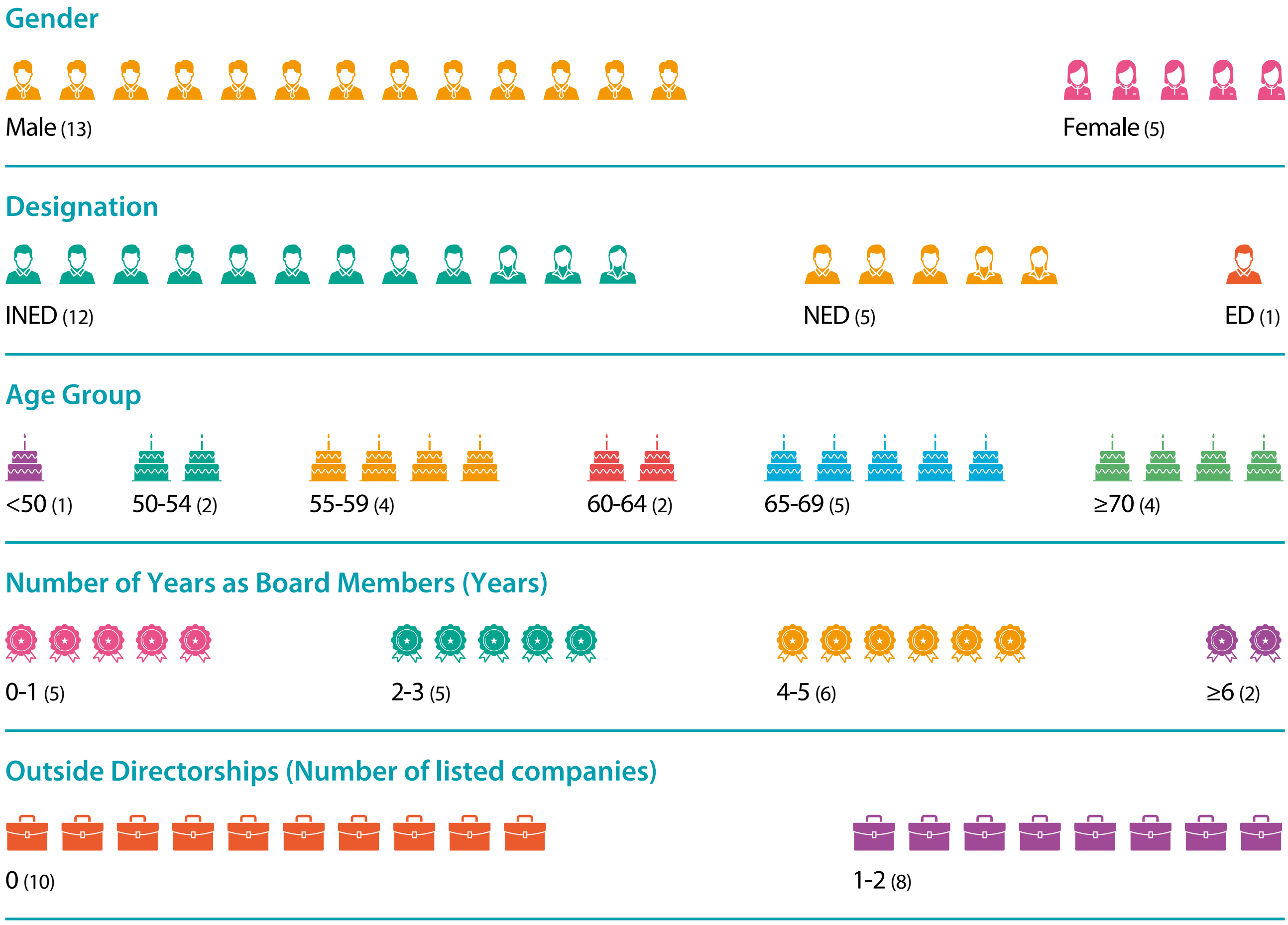
- a diversity of perspectives can be achieved through consideration of a number of factors, including but not limited to skills, regional and industry experience, background, race, gender and other qualities. In informing the Company's perspective on diversity, its own business model and specific needs from time to time will also be taken into account; and
- the Company is committed to maintaining a Board made up with INEDs as the majority, together with an appropriate balance of gender diversity. The Board will seek opportunities to increase the proportion of female Members over time and will actively seek to ensure that, at any time, no less than 25% of its Members of the Board are female.

The Nominations Committee reviews the implementation of the BD Policy at least annually and makes recommendations on any proposed changes to the Board for the Board's review and approval to ensure its continued appropriateness and effectiveness. As at the date of this Report, the Board, through the Nominations Committee, has reviewed the implementation of the BD Policy and confirmed its appropriateness and effectiveness.

The BD Policy and the list of skillsets were taken into account by the Nominations Committee and the Board in considering the appointment of Mrs Ayesha Macpherson Lau as an INED during the year.

The Nominations Committee and the Board formed the view that, with Mrs Lau's extensive experience in the financial and public sectors, she would be a valuable addition to the Board and would further enrich the spectrum of skills, experience and diversity of perspectives on the Board, thereby enhancing the diversity and effectiveness of the Board.

As at the date of this Report, the diversity of the Board is illustrated in the diagram below:



Board Skills

During the year, the Nominations Committee reviewed the appropriateness of the list of skillsets and considered that Board Members' individual experience (past and current) spanning across different sectors (including public bodies, private companies, charitable organisations and Government authorities) has enriched the diverse perspectives of the Board, while collectively providing a reservoir of balanced skills that supports the Company's strategic needs.

The list of skillsets of the Members of the Board covers the following key areas:

- business related experiences including risk management, human resources management, strategic planning, multi-national companies experience, and passenger/customer perspectives;
- compliance related experiences including listed company experience, and ESG matters;
- industry related experiences including railway operations, engineering, construction and infrastructure, property development, planning/urban development, commercial/business operations and overseas business growth and management;
- professional expertise including accounting and finance, engineering, legal and regulatory;
- public administration including Government liaison, Hong Kong political environment, government relations in Mainland China, and public affairs/ communications; and
- technology, particularly in the areas of artificial intelligence, digital and cyber security.

Workforce Level

"Diversity and Inclusion" ("D&I") is one of the ten focus areas under the Company's E&S Objectives, under which the Company commits to eliminating discrimination in our practices and policies and to increasing the diversity of its workforce.

The Company achieved several D&I related KPIs in 2024. For instance, a D&I survey was conducted and about 400 DEI (diversity, equity and inclusion) training events were organised for staff. Also, a new one-year traineeship pilot programme "EmpowerZ" was launched, supporting the employment of people with disabilities or from ethnically diverse backgrounds. 15% of the Company's summer interns were ethnically diverse or persons with disabilities. The Company has also participated in the CareER Disability Inclusion Index and has been awarded the "CareER Disability Inclusive Employer Badge".

In March 2025, the Company adopted a new Workforce Diversity Policy in early compliance with the requirements of the revised CG Code. A summary of the Workforce Diversity Policy is set out below:

- **Commitment to Equality and Diversity:** The Company is dedicated to ensuring equality of opportunity and does not discriminate based on race, skin colour, gender, disability, religious or philosophical belief, age, sexual orientation, family status, or any other factor. It values diversity in its workforce, considering various factors such as skills, experience, background, race, and gender.
- **Inclusive Work Environment:** The Company aims to create an inclusive and respectful work environment where employees feel comfortable and can realise their full potential. It is committed to eliminating discrimination, increasing workforce diversity, and providing equal employment opportunities based on merit and objective criteria.
- **Targets and Reporting:** The Company prioritises efforts to achieve workforce diversity through setting and monitoring its performance against annual KPIs. Any KPIs set and the progress of the Company towards meeting them will be disclosed in the Company's Sustainability Report.

For the gender distribution of the workforce (including the senior management) in 2024, please refer to the information disclosed in the Sustainability Report 2024.

INED INDEPENDENCE

For the year ended 31 December 2024, each INED has provided a written confirmation to the Company about his/her independence and, where applicable, the interests of his/her immediate family member(s) (as defined under the Listing Rules). The Nominations Committee has reviewed the said confirmations and assessed the independence of the INEDs and continues to consider each of them to be independent.

As at the date of this Report, the Board, through the Nominations Committee, has reviewed the implementation and effectiveness of the below mechanisms to ensure that independent views and input are available to the Board.

Structure	The number of INEDs represents two-thirds of the Board, which exceeds the independence requirement under the Listing Rules.
INED's tenure	• Currently, for an INED who has completed more than three consecutive terms of service (i.e. nine years), the recommendation for his/her re-appointment should state why the Nominations Committee believes he/she is still independent and should be re-appointed, including the factors considered, the process and the discussion of the Nominations Committee in arriving at such determination. Going forward, the Company will comply with the provisions of the revised CG Code as they take effect. • As at the date of this Report, none of the INEDs has been serving on the Board for over nine years. For details, please refer to the table of length of tenure and period of appointment of Members of the Board (excluding Additional Directors) on page 87 of this Report.
Time commitment	Each Member of the Board is required to ensure that he/she can give sufficient time and attention to the affairs of the Company and contribute to the development of the Company's strategy and policies through independent, constructive and informed comments. The attendance record of each Member of the Board during the year is set out on pages 92 to 93 of this Report.
Overboarding	• All Members of the Board (including INEDs) have disclosed to the Company in a timely manner the number and nature of offices held by them in public companies or organisations and other significant commitments, as well as their identity and the time involved. • There is no overboarding issue (i.e. holding of more than six listed company directorships).
Cross-directorship	Certain Members of the Board have common directorships as NEDs or INEDs in the Company and other companies/bodies. The Nominations Committee has assessed the said cross-directorships and confirmed that they should not undermine the independence of the relevant INEDs.
Interest in the shares of the Company	None of the INEDs, nor any of their family members, holds more than 1% of the total number of the issued shares of the Company.

Below are the length of tenure (up to the 2025 AGM) and the period of appointment of the Members of the Board (excluding the Additional Directors):

	Length of Tenure up to the 2025 AGM	Period of Appointment	
	(Approx. No. of Year(s))	Start Date	End Date
Non-executive Directors			
Dr Rex Auyeung Pak-kuen (Chairman)	6	7 March 2019	31 December 2025
Christopher Hui Ching-yu (Secretary for Financial Services and the Treasury)	5	1 June 2020	31 May 2026
Independent Non-executive Directors			
Andrew Clifford Winawer Brandler	8	17 May 2017	16 May 2026
Dr Bunny Chan Chung-bun	5	20 May 2020	19 May 2026
Walter Chan Kar-lok	6	22 May 2019	21 May 2025
Cheng Yan-kee	6	22 May 2019	21 May 2025
Hui Siu-wai	4	26 May 2021	21 May 2027
Ayesha Macpherson Lau	1	22 May 2024	21 May 2027
Sunny Lee Wai-kwong	3	25 May 2022	24 May 2025
Jimmy Ng Wing-ka	6	22 May 2019	21 May 2025
Dr Carlson Tong	3	25 May 2022	24 May 2025
Sandy Wong Hang-yee	2	24 May 2023	23 May 2026
Adrian Wong Koon-man	4	26 May 2021	21 May 2027
Professor Anna Wong Wai-kwan	2	24 May 2023	23 May 2026
Executive Director			
Dr Jacob Kam Chak-pui (CEO)	6	1 April 2019	31 December 2025

Save as disclosed in this Annual Report, none of the Members of the Board or the Executive Directorate has any relationship (including financial, business, family or other material or relevant relationships) with another Member of the Board or the Executive Directorate or holds any cross-directorships. In addition, none of the Members of the Board holds more than six directorships in listed companies (including the Company) or has significant links with other Members of the Board through involvements in other companies or bodies as at 31 December 2024.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules (the "Model Code"). After having made specific enquiry, the Company confirms that all Members of the Board (save for the disclosure made in relation to an INED below) and (where applicable) their Alternate Directors and all Members of the Executive Directorate have complied with the Model Code throughout the year.

In February 2024, an INED (the "Concerned INED") notified the Company in writing that, due to an inadvertent oversight, the Concerned INED had made a subscription for certain fixed rate notes issued by the Company (the "Concerned Notes") during the Company's "blackout period" and without having obtained the requisite written acknowledgement under the Model Code. Upon realising the aforesaid inadvertence, the Concerned INED promptly notified the Company and disposed of the Concerned Notes. The matter was reported to the Stock Exchange. To strengthen compliance with the Model Code, the Company has enhanced its processes in reminding Directors of the requirements relating to dealings in the Company's securities. The Concerned INED also attended a refresher training session on the Model Code requirements.

Senior managers, other nominated managers and staff who, because of their office in the Company, may be in possession of Inside Information (which term shall bear the same meaning as in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)) of the Company (collectively the "Model Code Managers"), have also been requested to comply with the provisions of the Model Code.

For enhanced monitoring and effectiveness, the Company has implemented an electronic platform "Model Code Managers Management System" to provide one-stop access to the relevant key processes to support compliance with the Model Code. Periodic training is also required to be completed by Model Code Managers, with the latest training being provided in December 2024.

DIRECTORS' INSURANCE

As permitted under the Articles of Association, it has been the practice of the Company to arrange Directors' and Officers' ("D&O") Liability Insurance for which Members of the Board and officers of the Company do not have to bear any excess. To ensure sufficient cover is provided, the Company undertakes an annual review of the Company's D&O insurance policy in light of recent trends in the insurance market and other relevant factors. The review benchmarks the amount of cover against other similar companies and considers whether separate cover will be required for Members of the Executive Directorate or Members of the Board. The conclusion of the review in year 2024 was that the level of cover was adequate and, given this, together with the indemnity provided by the Company to Members of the Board, the broad policy wording and the financial strength of the insurance panel, no additional cover was required.

CORPORATE GOVERNANCE FUNCTIONS REVIEW

During the year, the Board conducted an annual review of its Corporate Governance duties in accordance with its terms of reference on Corporate Governance Functions. Below is a summary of the work performed during the year ended 31 December 2024:

- Reviewed the purpose, values and strategy established by the Company;
- Developed and reviewed the Company's policies and practices on corporate governance, including the corporate governance framework, the BD Policy and the Nomination Policy;
- Reviewed and monitored the training and continuous professional development of Members of the Board and senior management;
- Reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements;
- Developed and reviewed and monitored the Code of Conduct and Directors' Manual; and
- Reviewed the Company's compliance with the CG Code.

As at the date of this Report, the Board has reviewed the Company's culture to ensure alignment with the Company's purpose, values and strategy and has also reviewed the implementation and effectiveness of the Shareholders' Communication Policy.

The Board considers that, overall, the Company's Corporate Governance Functions remain adequate and appropriate for the Company in light of its current corporate strategy. They will be kept under review in light of the changing legal and regulatory environment and any changes to the Company's business.

The terms of reference on Corporate Governance Functions are available on the websites of the Company (www.mtr.com.hk) and the Stock Exchange.

BOARD PROCEEDINGS

The Board generally meets in person regularly while electronic means have also been provided to Members of the Board to facilitate them to participate in meetings virtually, which is permissible under the Articles of Association. The same arrangements are also applied to meetings of Board Committees/Advisory Panel and Executive Committee meetings. The Company's introduction of an electronic meeting solution for Board meetings and Executive Committee meetings since 2017, which has subsequently been expanded to meetings of Board Committees/Advisory Panel, has also enabled all Members of the Board, Board Committees/Advisory Panel and the Executive Committee to access meeting documents and join virtual meetings remotely in a secure, efficient and convenient manner.

All Members of the Board have full and timely access to relevant information and may take independent professional advice at the Company's expense, if necessary. Members of the Board also have full access to Members of the Executive Directorate as and when they consider necessary.

The draft agenda for Board meetings is prepared by the Company Secretary and approved by the Chairman of the Company. Members of the Board are advised to inform the Chairman or the Company Secretary not less than one week before the relevant Board meeting if they wish to include a matter in the agenda of the meeting. The agenda, together with Board Papers, are usually sent at least three days before the intended date of the Board meeting.

The Board meeting dates for the following year are usually fixed by the Company Secretary with the agreement of the Chairman, before communicating with other Members of the Board, in the third quarter of each year.

At regular Board meetings, Members of the Executive Directorate together with senior managers report to the Board on their respective areas of business.

The CEO Report, provided to the Board on a monthly basis, covers the overall strategies, progress updates on the Company's Corporate Strategy implementation, as well as innovation and technology implementation, principal issues and key events of the Company for the relevant month and provides key information in areas such as the Group's safety performance in different business sectors, financial activities, contingent liabilities, human resources developments, the programme and cost status of new railway projects and the progress of major asset management projects, as well as a look ahead to key issues or events in the following three to six months. This CEO Report together with the discussions at Board meetings, ensures that Members of the Board have an overall understanding of the Company's business and other key information about the Company, and provides up-to-date information to enable them to make informed decisions for the benefit of the Company.

MATERIAL INTERESTS AND VOTING

All Members of the Board and the Executive Directorate are required to comply with their common law duty to act in the best interests of the Company and have particular regard to the interest of the Company's shareholders as a whole. To this end, all of them are required to declare the nature and extent of their interests, if any, in any contract, transaction, arrangement or other proposal to be considered by the Board at Board meetings.

In addition, before each regular Board meeting, the Company reminds each Member of the Board to update his/her "Declaration of Other Directorships, Major Appointments and Interests" (the "Declaration"). The Declaration of each Alternate Director is sent to him/her for update on a quarterly basis. Also, each Member of the Board and each Alternate Director is required to confirm his/her other directorships, major appointments and interests to the Company twice a year.

Unless specifically permitted by the Articles of Association, a Member of the Board cannot cast a vote on any contract, transaction, arrangement or any other kind of proposal in which he/she has an interest which he/she knows is material. For this purpose, the interests of a person who is connected with a Member of the Board (including any of his/her associates) are treated as the interests of the Member of the Board himself/herself. Interests purely as a result of an interest in the Company's shares, debentures or other securities are disregarded. A Member of the Board may not be included in the quorum for such part of a meeting that relates to a resolution he or she is not allowed to vote on but he or she shall be included in the quorum for all other parts of that meeting. This reduces potential conflicts which might otherwise arise between the Company's business and an individual Member of the Board's other interests or appointments.

If a conflict arises between the interests of the Company and those of Government, each Government-nominated Director and any Director holding a senior Government position, is not included in the quorum for that part of the meeting which relates to the contract, transaction, arrangement or other proposal being considered by the Board and in relation to which the conflict exists and is not allowed to vote on the related resolution. Where appropriate, Government-nominated Directors and any Directors holding a senior Government position will be excused from attendance for discussion of a particular item.

There are a number of contractual arrangements that have been entered into between the Company and Government (and/or its related entities), some of which are continuing in nature. As Government is a substantial shareholder of the Company, such contractual arrangements are connected transactions (and in some cases continuing connected transactions) for the purposes of the Listing Rules. The sections headed "Connected Transaction" and "Continuing Connected Transactions" (pages 147 to 170) of this Annual Report explain how, in accordance with the Listing Rules, these transactions have been treated.

Matters to be decided at Board meetings are decided by a majority of votes from Members of the Board allowed to vote, although the usual practice is that decisions reflect the consensus of the Board.

BOARD MEETINGS

The Board held 10 meetings in 2024 (seven Regular Meetings, one Special Meeting and two Private Meetings), well exceeding the requirement of the CG Code which requires every listed issuer to hold board meetings at least four times a year.

In addition and as required by the Listing Rules, the Chairman met with the INEDs only without the presence of other Members of the Board during the year, at which meeting the following matters were discussed: the sustainability of the Company's business model, potential funding models and financing solutions for future new lines, the Company's investment property, Mainland China and international businesses, people challenges, operational challenges posed by the local ageing population and the continued deployment of technology as a business solution, senior management succession planning and the working relationship with major stakeholders.

Regular Meetings

At each Regular Meeting, the Board reviewed, discussed and, where appropriate, approved matters relating to the Company's different businesses and financial and operational performance.

In addition, other key matters discussed at the Regular Board meetings held in 2024 included:

- Corporate Strategy:
  - Receipt of periodic updates on the implementation of the Corporate Strategy;
- Environmental, Social and Governance:
  - Annual review of the size, structure and composition of the Board and the Company's corporate governance functions for 2023; annual assessment of (i) the independence of the INEDs; and (ii) the effectiveness of the Company's risk management and internal control systems for 2023;
  - Recommendation of the appointment of a new Member of the Board and the re-election of various retiring Members of the Board for approval by shareholders at the 2024 AGM;
  - Approval of (i) changes in the composition of Board Committees/Advisory Panel; (ii) update to the terms of reference of the Nominations Committee of the Company; and (iii) annual update to the Directors' Manual;
  - Approval of Sustainability Report 2023; and
  - Receipt and consideration of periodic reports from Management on key matters such as corporate safety governance and enterprise risk management;
- Hong Kong Transport Services:
  - Receipt of quarterly updates on Hong Kong Transport Services;
  - Approval of the principles for adjusting the controlled fares for 2024 under the Company's Fare Adjustment Mechanism; and
  - Approval of award of a major contract;
- Capital Works:
  - Review of the progress of, and approval of, the Project Agreement for Hung Shui Kiu Station; and
  - Approval of the award of construction contracts for the Siu Ho Wan Depot, Tuen Mun South Extension and Hung Shui Kiu Station projects;
- Property:
  - Review of the interim business proposal for a prospective project; and
  - Approval of tender arrangements and property project costs budget for Tung Chung East Station Package 1 Property Development;

- Mainland China and International Businesses:
  - Receipt of 2023 annual update on the Mainland China and Macao businesses;
  - Review and receipt of updates on the Company's international business;
  - Approval of tender submissions for overseas projects; and
  - Approval of the refined strategy for the Company's international business with expanded scope on Belt and Road Initiatives;
- Financial:
  - Review and approval of 2023 Annual Report and 2024 Interim Report and the respective financial statements;
  - Receipt of the annual shareholder analysis and investor feedback;
  - Receipt of updates on the implementation of a major enterprise resource planning system;
  - Approval of the annual update of the Debt Issuance Programme; and
  - Approval of the 2025 Budget and 10-Year Forecast;
- Human Resources:
  - Review of performance targets under the Company's staff incentive scheme;
  - Approval for renewal of the Group Medical Insurance Scheme;
  - Review of employee engagement survey results and proposed actions; and
  - Approval of 2024 Annual Pay Review;
- Innovation and Technology:
  - Approval of the Corporate Innovation and Technology blueprint; and
- Corporate Affairs:
  - Receipt of quarterly updates on corporate communications and reputation management.

Special Meeting

During 2024, a Special Meeting was held to approve the tender award for the Tung Chung East Station Package 1 Property Development in Hong Kong.

Private Meetings

During 2024, two Private Meetings were held to discuss the Company's senior management succession planning.

The minutes of Board meetings are prepared by the Company Secretary or her delegate with details of the matters considered by the Board and decisions reached, including any concerns raised by Members of the Board or dissenting views expressed. The draft minutes are circulated to all Members of the Board for their comments within a reasonable time after the meeting. The approval procedure is that the Board formally adopts the draft minutes at the subsequent meeting. If Members of the Board have any comments on the draft minutes, they will discuss it at that meeting and any agreed changes will be reflected in the formal minutes of the relevant meeting. Minutes of Board meetings are kept by the Company Secretary and are open for inspection by all Members of the Board at the Company's registered office.

The attendance record of each Member of the Board (and each Member of the Executive Directorate) during the year is set out on pages 92 to 93 of this Report.

Members of the Board and the Executive Directorate Attendance of Meetings and Training in 2024

	Attendance											
	Board Meetings			Board Committees/Advisory Panel Meetings							2024 AGM	Training[Ω]
	RM	SM	PM	A&RC	NC	RC	CWC	E&SRC	F&IC	TAP		
Total Number of Meetings	7	1	2	4	2	2	6	2	7	3	1	
Members of the Board												
Non-executive Directors ("NED")												
Dr Rex Auyeung Pak-kuen (Chairman)	7/7	1/1	2/2		2/2	2/2		2/2[C]			1/1	√
Christopher Hui Ching-yu[(1)#] (Secretary for Financial Services and the Treasury)	2/7	1/1	1/2			2/2			2/7		0/1	√
Secretary for Transport and Logistics (Mable Chan)[(2)]	N/A*	0/1	N/A*		N/A*	N/A*					N/A*	√
Permanent Secretary for Development (Works) (Ricky Lau Chun-kit)[(3)#]	6/7	1/1	1/2		0/1		4/6			0/2	0/1	√
Commissioner for Transport (Angela Lee Chung-yan)[(4)#]	6/7	1/1	1/2	3/4				0/1		1/1	0/1	√
Independent Non-executive Directors ("INED")												
Andrew Clifford Winawer Brandler	5/7	1/1	1/2	4/4					7/7[C]		1/1	√
Dr Bunny Chan Chung-bun[(5)]	7/7	1/1	2/2			1/1		2/2	2/2		1/1	√
Walter Chan Kar-lok	7/7	1/1	2/2		2/2[C]		6/6				1/1	√
Cheng Yan-kee	7/7	1/1	2/2			1/2	6/6[C]				1/1	√
Hui Siu-wai[(6)]	7/7	1/1	2/2	2/2		1/1	6/6				1/1	√
Ayesha Macpherson Lau[(7)]	4/4	1/1	2/2	2/2					5/5		N/A*	√
Sunny Lee Wai-kwong[(8)]	7/7	0/1	2/2		1/1		3/4			3/3[C]	1/1	√
Jimmy Ng Wing-ka[(9)]	6/7	1/1	2/2		2/2			1/1		2/2	1/1	√
Dr Carlson Tong[(10)]	7/7	1/1	2/2	4/4[C]					5/7		1/1	√
Sandy Wong Hang-yee[(11)]	7/7	1/1	2/2		0/1			2/2		1/1	1/1	√
Adrian Wong Koon-man[(12)]	7/7	1/1	2/2	4/4		2/2[C]					1/1	√
Professor Anna Wong Wai-kwan[(13)]	7/7	1/1	2/2	4/4[C]	1/1				5/5		1/1	√
Executive Director												
Dr Jacob Kam Chak-pui (CEO)[(14)]	7/7	1/1	0/2					2/2			1/1	√
Members of the Executive Directorate & the Executive Committee												
Dr Jacob Kam Chak-pui (CEO)[(14)]	7/7	1/1	0/2					2/2			1/1	√
Jeny Yeung Mei-chun											1/1	√
Margaret Cheng Wai-ching								2/2			1/1	√
Linda Choy Siu-min											1/1	√
Carl Michael Devlin											1/1	√
Michael George Fitzgerald[(15)]											1/1	√
Dr Tony Lee Kar-yun											1/1	√
Gillian Elizabeth Meller								2/2			1/1	√
David Tang Chi-fai											1/1	√
Sammy Wong Kwan-wai											1/1	√
Members departing during 2024												
NED												
Secretary for Transport and Logistics (Lam Sai-hung)[(16)#]	4/7	N/A*	0/2		2/2	2/2					0/1	√
INED												
Dr Dorothy Chan Yuen Tak-fai[(17)]	3/3	N/A*	N/A*			1/1[C]	1/2				1/1	√
Rose Lee Wai-mun[(18)]	3/3	N/A*	N/A*			1/1			2/2		0/1	√

Legend:

Board Meetings
RM – Regular Meeting(s)
SM – Special Meeting
PM – Private Meeting(s)

Board Committees/Advisory Panel
A&RC – Audit & Risk Committee
NC – Nominations Committee
RC – Remuneration Committee
CWC – Capital Works Committee
E&SRC – Environmental & Social Responsibility Committee
F&IC – Finance & Investment Committee
TAP – Technology Advisory Panel

2024 AGM – Annual General Meeting of the Company held on 22 May 2024

N/A – Not applicable

***** – Appointed/ceased after the conclusion of the 2024 AGM

C – Current chairperson

C – Ceased to be chairperson during 2024

Ω – This includes (i) continuous professional development through attending expert briefings/seminars/conferences/visits relevant to the Company's business or directors' duties arranged by the Company or external organisations, and reading regulatory/corporate governance or industry related updates; and (ii) induction and familiarisation programmes attended by newly appointed Directors

– For the avoidance of any actual or perceived conflicts of interest, Government Directors or their alternate director(s) were not present at meetings or portions of meeting(s), where applicable, at which discussions were related to business proposals, projects and/or matters in which Government is or will be interested

Notes:

1. *The alternate directors of Mr Christopher Hui Ching-yu (Secretary for Financial Services and the Treasury), acting on his behalf, attended five RM, one PM and four F&IC meetings.*
2. *Ms Mable Chan took up the post of the Secretary for Transport and Logistics ("S for T&L") on 5 December 2024 and, by virtue of holding such post, became a NED at the same time. Ms Chan also became a member of each of the NC and the RC of the Company, both with effect from the same date.*

   The alternate director of S for T&L (Ms Mable Chan), acting on her behalf, attended one SM.
3. *The Permanent Secretary for Development (Works) ("PS for D(W)") (Mr Ricky Lau Chun-kit) was appointed by the Board as a member of the TAP of the Company and ceased to be a member of the NC of the Company, both with effect from the conclusion of the 2024 AGM.*

   The alternate director of the PS for D(W) (Mr Ricky Lau Chun-kit), acting on his behalf, attended one RM, one PM, one NC meeting, and two meetings of each of the CWC and the TAP.
4. *The Commissioner for Transport ("C for T") (Ms Angela Lee Chung-yan) was appointed by the Board as a member of the E&SRC of the Company and ceased to be a member of the TAP of the Company, both with effect from the conclusion of the 2024 AGM.*

   The alternate directors of the C for T (Ms Angela Lee Chung-yan), acting on her behalf, attended one RM, one PM, one A&RC meeting and one E&SRC meeting.
5. *Dr Bunny Chan Chung-bun was appointed by the Board as a member of the RC of the Company and ceased to be a member of the F&IC of the Company, both with effect from the conclusion of the 2024 AGM.*
6. *Mr Hui Siu-wai was appointed by the Board as a member of the RC of the Company and ceased to be a member of the A&RC of the Company, both with effect from the conclusion of the 2024 AGM.*
7. *Mrs Ayesha Macpherson Lau was elected as a Member of the Board and became an INED with effect from the conclusion of the 2024 AGM, and was appointed by the Board as a member of each of the A&RC and the F&IC of the Company at the same time.*
8. *Mr Sunny Lee Wai-kwong was appointed by the Board as a member of the CWC of the Company and ceased to be a member of the NC of the Company, both with effect from the conclusion of the 2024 AGM.*
9. *Mr Jimmy Ng Wing-ka was appointed by the Board as a member of the TAP of the Company and ceased to be a member of the E&SRC of the Company, both with effect from the conclusion of the 2024 AGM.*
10. *Dr Carlson Tong stepped down as the chair but remained as a member of the A&RC of the Company with effect from the conclusion of the 2024 AGM.*
11. *Ms Sandy Wong Hang-yee was appointed by the Board as a member of the NC of the Company and ceased to be a member of the TAP of the Company, both with effect from the conclusion of the 2024 AGM.*
12. *Mr Adrian Wong Koon-man was appointed by the Board as the chair of the RC of the Company with effect from the conclusion of the 2024 AGM.*
13. *Professor Anna Wong Wai-kwan was appointed by the Board as the chair of the A&RC of the Company and a member of the F&IC of the Company, and ceased to be a member of the NC of the Company, all with effect from the conclusion of the 2024 AGM.*
14. *Dr Jacob Kam Chak-pui was re-appointed by the Board as the CEO of the Company commencing from 1 April 2025 to 31 December 2025 (both dates inclusive). For the avoidance of any actual or perceived conflict of interests, Dr Kam was not present at two PMs at which discussions were related to senior management succession planning.*
15. *Mr Michael George Fitzgerald was appointed as the Finance Director and became a Member of the Executive Directorate of the Company, both with effect from 1 January 2024.*
16. *Mr Lam Sai-hung ceased to be a NED at the same time as he ceased to be the holder of the post of S for T&L with effect from 5 December 2024. Mr Lam also ceased to be a member of each of the NC and the RC of the Company, both with effect from the same date.*

    The alternate directors of the then S for T&L (Mr Lam Sai-hung), acting on his behalf, attended three RM and two PM.
17. *Dr Dorothy Chan Yuen Tak-fai retired as an INED and ceased to be the chairman of the RC and a member of the CWC of the Company, all with effect from the conclusion of the 2024 AGM.*
18. *Ms Rose Lee Wai-mun retired as an INED and ceased to be a member of each of the F&IC and the RC of the Company, all with effect from the conclusion of the 2024 AGM.*
19. *Mr Herbert Hui Leung-wah retired from the Company upon completion of his service agreement with the Company immediately after 31 December 2023 and ceased to be the Finance Director and a Member of the Executive Directorate of the Company at the same time.*

INDUCTION PROGRAMME AND OTHER TRAINING

Induction Programme

Before appointment, all new Members of the Board (including Government-nominated Directors), Alternate Directors and Members of the Executive Directorate are required to be given pre-appointment legal advice (the "Legal Advice") from a firm of solicitors qualified to advise on Hong Kong law pursuant to Rule 3.09D of the Listing Rules. Hence, the induction programme provided by the Company covers:

- the roles of a director from the strategic, planning and management perspectives, as well as the essence of corporate governance and the trends in these areas;
- the general and specific duties of a director under general law (common law and legislation) and the Listing Rules; and
- the possible legal consequences of making a false declaration or giving false information to the Stock Exchange.

The following new Directors appointed during the year received the Legal Advice on the respective dates set out below and have acknowledged and confirmed in writing their understanding of their obligations as a Director of the Company.

Name	Position	Date of Receipt of the Legal Advice	Date of Appointment
Ayesha Macpherson Lau	Member of the Board	17 April 2024	22 May 2024
S for T&L (Mable Chan)	Member of the Board	23 December 2024	5 December 2024
Andrew Lai Chi-wah	Alternate Director	11 July 2024	23 July 2024
Candy Kwok Wai-ying	Alternate Director	26 July 2024	29 July 2024
Bruno Luk Kar-kin	Alternate Director	20 August 2024	5 September 2024
Kirk Yip Hoi-ying	Alternate Director	20 December 2024	30 December 2024
Michael George Fitzgerald	Member of the Executive Directorate	21 November 2023	1 January 2024

In addition to the above, a familiarisation programme to understand the key areas of the Company's business and operations is also provided. Most of the new Directors appointed during the year have already received the familiarisation programme.

All Members of the Board, Alternate Directors and Members of the Executive Directorate are also provided with a Directors' Manual on their appointment which sets out, amongst other things, directors' roles and responsibilities, their key obligations from both a statutory and a regulatory perspective, the terms of reference of the Board on its Corporate Governance Functions and the terms of reference of the Board Committees and Advisory Panel. The Directors' Manual is updated regularly to keep the contents up to date so that the Directors are kept abreast of changes and latest developments in the laws and regulations that are relevant to Directors and the Company. The latest updates to the Directors' Manual, approved by the Board in January 2025, covered (i) the relevant changes in the CG Code and the Listing Rules which will take effect on 1 July 2025 subsequent to the Stock Exchange's consultation conclusions on the "Review of Corporate Governance Code and Related Listing Rules"; (ii) insertion of a guideline published by the Stock Exchange on ESG reporting for the new climate disclosure requirements; and (iii) miscellaneous housekeeping updates.

Training and Continuous Professional Development

Members of the Board and the Executive Directorate

Board Visits

During the year, certain Members of the Board and/or the Executive Directorate joined the following visits for the purposes of gaining first-hand understanding of the new malls operated by the Company, the Company's rail operations and insights into the project works that are being undertaken by the Capital Works Business Unit:

Date	Activities
January and February	• Visited the newly revamped MTR Gallery at Kowloon Station in Hong Kong
June	• Visited the Lantau Portfolio Office and certain work sites in Hong Kong • Visited a new shopping mall at THE SOUTHSIDE in Hong Kong
October	• Visited the work site of Kwu Tung Station in Hong Kong
November	• Visited the Shenzhen Line 4 Headquarters and 13 stations of Shenzhen Line 13 in Shenzhen

Training

To assist Members of the Board and the Executive Directorate in continuing their professional development, the Company Secretary recommends them to attend relevant seminars and courses at the cost of the Company. In addition, briefings on the Stock Exchange's Consultation Paper relating to the Review of Corporate Governance Code and Related Listing Rules and the newly proposed cybersecurity law relating to the Protection of Critical Infrastructure (Computer System) Bill 2024 were provided to Members of the Board in July 2024.

Materials on the subject of corporate governance and e-learning provided by the Stock Exchange and other professional firms and institutes are also provided/ notified to Members of the Board, Alternate Directors and Members of the Executive Directorate from time to time to keep them abreast of the latest developments on this front.

Each Member of the Board and the Executive Directorate has provided to the Company a record of the training he/she has received during the year, which is set out on pages 92 to 93 of this Report.

Senior Executives

On-going learning programmes are offered for the Company's Senior Executives to support their continuous growth in the areas of business leadership, people leadership and self leadership. The sharing of the latest trends and insights are implemented via online and offline programmes supported by the inhouse team, consultants and renowned business schools.

FINANCIAL REPORTING

Members of the Board are responsible for preparing the consolidated financial statements of the Group. The consolidated financial statements are prepared on a going concern basis and give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of the Group's consolidated financial performance and consolidated cash flows for the year then ended. In preparing the consolidated financial statements for the year ended 31 December 2024, Members of the Board have selected appropriate accounting policies and have applied them consistently with previous financial periods, apart from those new and amended accounting policies effective from 1 January 2024 as disclosed in the notes to the consolidated financial statements for the year ended 31 December 2024. Judgments and estimates that have been made are prudent and reasonable. The reporting responsibilities of the external auditor of the Company (the "External Auditor") are set out on page 102 of this Report.

In support of the above, the consolidated financial statements presented to the Board have been reviewed by Members of the Executive Directorate. For both the annual and interim reports and consolidated financial statements, the Finance Function of the Company is responsible for clearing them with the External Auditor and the Audit & Risk Committee. In addition, all new and amended accounting standards and requirements, as well as any changes in accounting policies adopted by the Group, have been discussed and reviewed by the Audit & Risk Committee before adoption by the Group.

Members of the Board endeavour to ensure a balanced, clear and coherent assessment of the Group's consolidated financial position and performance in annual reports, interim reports, inside information announcements, and other financial disclosures required under the Listing Rules and other statutory requirements.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Company has adopted a three lines of defence model ("3LoD"), pursuant to which the first line owns and manages risks, the second line of defence ("2LoD") carries out assurance and provides advisory support in key risk areas and the third line of defence (i.e. Internal Audit) provides the highest degree of independent assurance. The below diagram illustrates the roles played by the three lines of defence.

The Board is responsible for the risk management and the internal control systems of the Company and its subsidiaries and reviewing their effectiveness on an annual basis. With the assistance of the Audit & Risk Committee as mentioned in the Audit & Risk Committee Report on pages 106 to 108 of this Annual Report, the Board oversees the Company's risk management system (the "ERM" system) and internal control system on an on-going basis, sets appropriate policies and reviews the effectiveness of the systems at least annually.

Throughout 2024, the Company continued demonstrating its commitment to robust governance and effective risk management across all Business Units by implementing its 3LoD model. Pursuant to this model, 2LoD activities are managed by the Legal & Governance function with its Centres of Excellence in technical, engineering, safety, quality, risk and commercial disciplines. 2LoD Assurance activities span across all Business Units of the Company as well as critical corporate projects and initiatives.

The ERM system and the internal control system, with processes put in place by the Board, management and other personnel, are designed to manage (as opposed to eliminate) risk and provide reasonable assurance, not absolute assurance, against material misstatement or loss, regarding the achievement of objectives in the following areas:

- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Compliance with applicable laws and regulations
- Effectiveness of risk management

Systems Overview

The Executive Committee is responsible for:

- Implementing the Board's policies on risk management and internal controls;
- Identifying and evaluating the risks faced by the Company for consideration by the Board;

- Designing, operating and monitoring a suitable internal control system and risk management system; and
- Providing assurance to the Board that it has done so, together with a confirmation that these systems are effective and adequate.

In addition, all employees have responsibility for risk management and internal controls within their areas of accountability.

Business/Functional Management Committees

A number of committees have been established to assist the Executive Committee in the management and control of the Company's various core businesses and functions. Each committee has its own terms of reference which, together with the structure and composition of the committees, are reviewed from time to time to ensure they meet the Company's business and operational needs.

Internal Audit

The Head of Internal Audit reports directly to the Board via the Audit & Risk Committee and reports administratively to the CEO. The Internal Audit Department ("IAD") has unrestricted access to information that allows it to review all aspects of the Company's risk management, control and governance processes.

On a regular basis, it conducts audits on financial, operational and compliance controls and the risk management functions of the Company and its subsidiaries. Relevant members of the management team are responsible for ensuring that control deficiencies highlighted in internal audit reports are rectified within a reasonable time.

The IAD produces an annual internal audit plan for the Audit & Risk Committee's approval. The audits are selected based on a risk assessment of the Company's audit universe to ensure that business activities with higher risks are covered most frequently. On a quarterly basis, the Head of Internal Audit reports to the Audit & Risk Committee on major observations identified in audit reviews and the implementation progress of audit recommendations, together with her opinion on the adequacy and effectiveness of the Company's internal control system.

To ensure IAD's conformance with the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing, an independent assessment, namely a Quality Assurance Review ("QAR"), is conducted by an external qualified party once every five years. The results of the QAR are reported to the Executive Committee and the Audit & Risk Committee. The last QAR was conducted in 2023.

ERM system

The ERM system is an essential and integral part of the Company's corporate governance framework and helps to sustain business success and create value for stakeholders. It involves a corporate-wide systematic risk identification and management process which aims to assist the Executive Committee and individual business unit managers to manage the key risks facing the Company and supports the Board in discharging its corporate governance functions.

More details of the features of the ERM system, the process used to identify, evaluate and manage significant risks, the significant risks being managed and the process used to review the effectiveness of the ERM system are set out in the "Risk Management" section (pages 109 to 113) of this Annual Report.

The independent external review on the ERM system completed in 2023 identified best practice recommendations which were further developed in 2024 for implementation. These include updating the ERM Manual, enhancing risk register content, streamlining the enterprise level risk profile (consolidating enterprise risks under Principal Risk Areas), and deploying risk dashboards which make reference to quantitative key risk indicators, risk controls effectiveness assessments and assurance information from across the 3LoD functions.

Control Activities and Processes

To ensure the efficient and effective operation of Business Units and Functions and the safety of the operating railway and construction works in railway projects, Corporation General Instruction(s) ("CGI(s)"), Business Units'/Functions'/Departments' procedures and manuals, committees, working groups and quality assurance units are established to monitor and enforce internal controls and evaluate their effectiveness.

CGIs and various Departments' procedures and manuals are established for preventing or detecting unauthorised expenditures/payments, safeguarding the Company's assets, ensuring the accuracy and completeness of accounting records, and the timely preparation of reliable financial information.

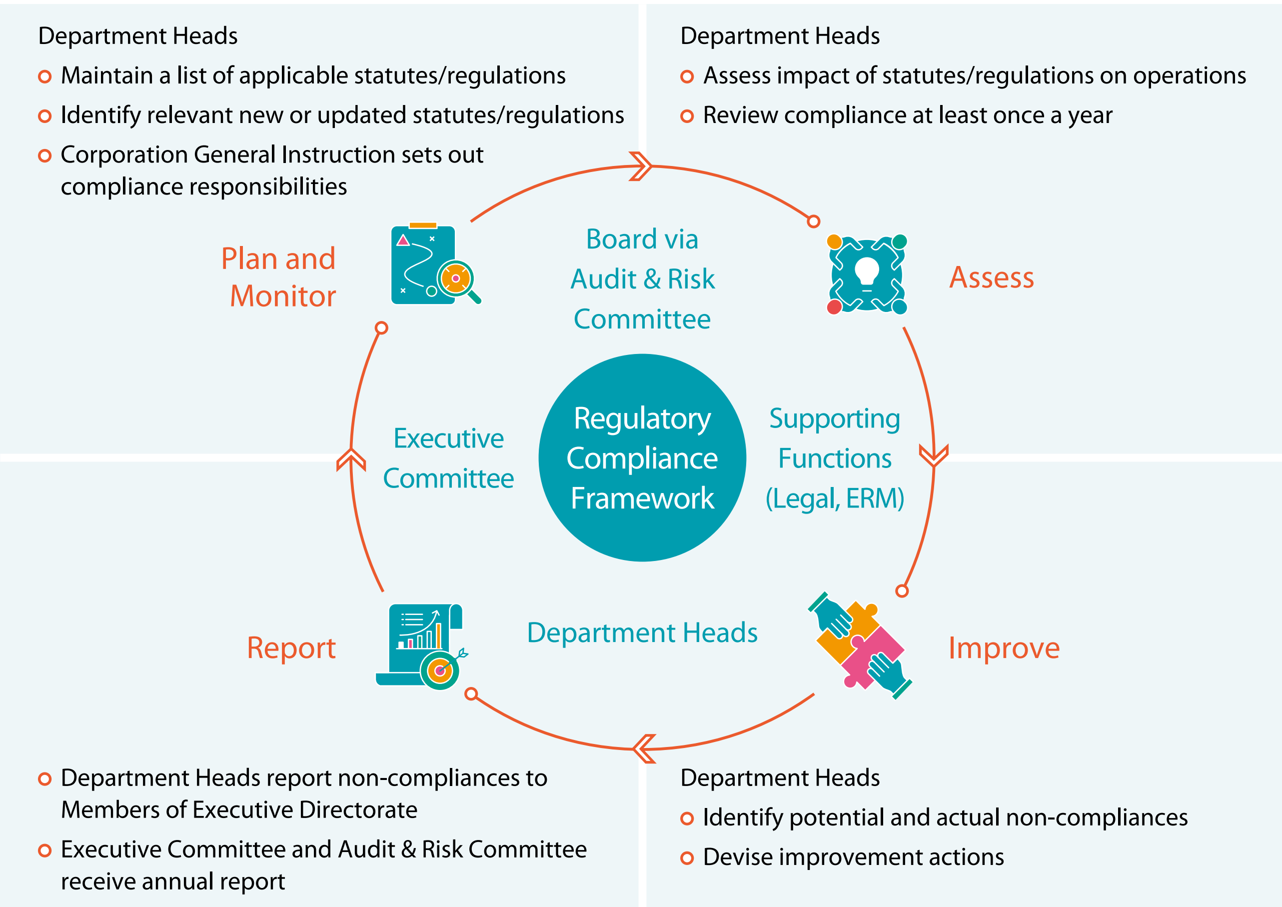
Directors and Department Heads of Business Units/Functions, including General Managers/Project Managers for overseas subsidiaries/projects, are required to conduct annual assessments and certifications on the effectiveness of risk management and internal control systems within their areas of responsibility.

Compliance with Statutes and Regulations

All Department Heads, including General Managers/Project Managers for overseas subsidiaries/projects, are responsible for ensuring compliance with the statutes and regulations applicable to their own functional units in accordance with the Regulatory Compliance Framework, with necessary legal support.

Issues relating to compliance with statutes and regulations, including potential and actual non-compliances, and the status of rectifications and actions taken to prevent recurrence are reported annually to the Executive Committee and the Audit & Risk Committee.

The diagram below shows the Regulatory Compliance Framework of the Company:



Whistle-blowing Policy

A whistle-blowing policy, which is available on the Company's website (www.mtr.com.hk), has been put in place to deal with concerns related to fraudulent or unethical acts or non-compliance with laws and the Company's policies that have or could have significant adverse financial, legal or reputational impacts on the Company. The whistle-blowing policy is regularly reviewed by the IAD. Various whistle-blowing channels are available to all staff, parties who deal with the Company, as well as the general public. Every quarter, a summary of all whistle-blowing cases handled by the Whistle-blowing Panel is reported to the Executive Committee and the Audit & Risk Committee.

Inside Information Policy

The Company has developed a system with established policies, processes and procedures across all relevant Functions, Business Units and Departments for the handling and dissemination of Inside Information, which encompasses the following:

- A CGI setting out:
  - (i) the internal processes for identifying, assessing and escalating potential Inside Information to the Executive Committee and the Board;
  - (ii) the responsibilities of Model Code Managers in preserving the confidentiality of Inside Information, escalating upwards any such potential information and cascading down the message and responsibilities to relevant staff; and
  - (iii) the process for disclosure of Inside Information; and
- Training for Members of the Board and the Executive Directorate, Executive Managers, Department Heads and Model Code Managers is provided from time to time. In particular, Members of the Executive Directorate, Executive Managers, Department Heads and Model Code Managers are regularly required to complete an online training programme on Inside Information. To refresh their awareness of the Inside Information policy, a new mandatory online training programme was launched in December 2024.

Evaluation of the Effectiveness of the Risk Management System

The Company has surpassed the relevant requirement in the CG Code by completing an effectiveness review of the ERM system for the Company and its subsidiaries and extending the review to the Company's key associates operating in Mainland China and overseas.

For the year ended 31 December 2024, the Audit & Risk Committee, with delegated authority from the Board, has evaluated the effectiveness of the ERM system of the Company and considers that it is overall effective and adequate.

Details about the "Process of System Effectiveness Review" are set out in the Risk Management section (page 113) of this Annual Report.

Evaluation of the Effectiveness of the Internal Control System

For the year ended 31 December 2024, the annual review of the effectiveness of the internal control system of the Company and its subsidiaries and key associates was performed by the Audit & Risk Committee based on the following:

- Review of significant issues arising from internal audit reports through the quarterly IAD Reports and the external audit report
- Private sessions with internal and external auditors
- Routine interviews with the Members of the Executive Directorate
- Review of annual assessment and certification of internal controls from Members of the Executive Directorate, management of overseas subsidiaries and key associates and Department Heads in their areas of responsibility

The Audit & Risk Committee concluded that the internal control system was overall effective

Evaluation of the Adequacy of Resources of the Company's Accounting, Financial Reporting and Internal Audit Functions and for ESG Performance and Reporting

For the year ended 31 December 2024, the annual assessments performed by the Company's Finance Function, the IAD and the Environmental & Social Responsibility Department concluded that there were adequate resources, staff qualifications and experience, training programmes and budgets for the Company's accounting, financial reporting, internal audit and ESG performance and reporting functions respectively.

The Company is committed to recruit, train and develop a team of qualified and competent accountants for overseeing the Group's financial reporting and other accounting-related matters. A process to capture and update relevant laws, rules and regulations applicable to the financial reporting and accounting function is in place. Designated officers will ensure relevant standards and ordinances including Hong Kong Financial Reporting Standards, the Listing Rules and the Companies Ordinance under their responsibility are complied with. Resources and provisions required to deliver the accounting and financial reporting function are critically reviewed during the annual budgeting exercise. Company-wide recruitment processes and staff development programmes are in place to address the competency, qualifications and experience required. Adherence to the process is confirmed on an annual basis by the designated officers to the Finance Director, who will conduct a formal annual review and report the review results to the Audit & Risk Committee.

In terms of internal audit, the Company is also committed to recruiting, training and developing a team of qualified and competent internal auditors to provide independent and objective assurance along with consulting services designed to add value and improve the Company's operations. A process to capture updated standards and best practices relating to internal audit is in place. Proper recruitment processes and staff development programmes are also in place to address the competency, qualifications and experience required. The Head of Internal Audit conducts a formal annual review on the adequacy of staff resources, qualifications and experience of the internal audit function and reports the results to the Audit & Risk Committee.

In terms of ESG performance and reporting, the Company is also committed to recruiting, training and developing a team of qualified and competent specialists for overseeing the implementation of the Company's ESG initiatives, enhancing and monitoring ESG performance and preparing ESG reports and other disclosures. A process to capture and update laws, regulations, standards and best practices applicable to the Company's ESG performance and reporting is in place. Designated officers will ensure relevant ordinances, regulations and standards under their responsibility are complied with. Resources and provisions required to deliver the ESG performance and reporting function are reviewed during the annual budgeting exercise by respective business units and corporate functions. Proper recruitment processes and staff development programmes are in place to address the competency, qualifications and experience required. The Legal and Governance Director will conduct a formal annual review on the adequacy of staff resources, qualifications and experience of staff involved in delivering the Company's ESG performance and reporting function and report the review results to the Audit & Risk Committee as part of the report on risk management and internal control systems effectiveness.

Based on the above, the Audit & Risk Committee considers that the resources, staff qualifications and experience, training programmes and budgets for the Company's accounting, financial reporting and internal audit functions, as well as for the ESG performance and reporting functions are adequate.

Board's Annual Review

The Board has, through the Audit & Risk Committee, overseen the Company's risk management and internal control systems on an on-going basis. The Board has conducted its annual review of the risk management and internal control systems of the Company and its subsidiaries and key associates for the year ended 31 December 2024 and considers that such systems are overall effective and adequate, with supporting compliance mechanisms to provide assurance that the Company and its officers observe their disclosure obligations in respect of Inside Information.

The Board has also conducted a review of the adequacy of resources, staff qualifications and experience, training programmes and budgets for the Company's accounting, financial reporting and internal audit functions, as well as the ESG performance and reporting functions for the year ended 31 December 2024, and considers the above resource components to be adequate.

CRISIS MANAGEMENT

To uphold the reputation of being one of the world's leading railway operating companies and to ensure that the Company can respond to and recover from crises in an organised and highly effective manner, the Company has established a mechanism to activate pre-defined levels of crisis response in the event of a crisis which enables timely communication with principal stakeholders such as Government departments and shareholders. The Corporate Crisis Management Team comprises relevant Members of the Executive Directorate and Executive Managers. Its operation is governed by a Corporate Crisis Management Plan which, among other things, sets out the duties of respective members. The Corporate Crisis Management Plan is regularly reviewed to ensure it aligns with international standards and remains up-to-date. An information system is also in place to support the operation of the Corporate Crisis Management Team by tracking the latest developments and strategic actions while disseminating crisis-related information.

Regular crisis management exercises are conducted to validate the corporate crisis management mechanism and provide practical experience for team members. To further enhance the crisis leadership and strategic crisis management of the Corporate Crisis Management Team, two sessions of the corporate crisis management exercise "Cultivating a Strategic Crisis Management Mindset" were conducted in 2024. Instead of focusing on one specific type of crisis, the 2024 exercise evaluated the strategic decision-making capabilities of the Corporate Crisis Management Team under stressed conditions involving simultaneous incidents at various MTR locations, including construction sites, malls and stations. The exercise also assessed the coordination capabilities among business units at operational interfaces and with external parties. Additionally, a computer-based training module has been launched for all managers in the Company to provide them with a fundamental understanding of the Corporate Crisis Management Framework and to increase their awareness of potential smouldering issues.

GOVERNANCE OF SUBSIDIARIES AND ASSOCIATES

The Company has a number of subsidiaries and associates which operate independent businesses in Hong Kong, Macao, Mainland China and overseas. Notwithstanding the fact that these subsidiaries and associates are separate legal entities, the Company has implemented a corporate governance framework (the "Corporate Governance Framework") to ensure that it exercises an appropriate level of control and oversight as a shareholder of these subsidiaries and associates. In addition, the Company also maintains several corporate governance related policies and practices including (i) legal entity management; and (ii) connected and continuing connected transactions.

The Company's Corporate Governance Framework promotes collaboration between the corresponding Business Units/Functions in the Company on the one hand and the subsidiaries and associates on the other hand. The implementation process of the Corporate Governance Framework in the Company's subsidiaries and associates starts from the inception of any new business operations/investments, with flexibility for certain subsidiaries and associates to be exempt from compliance with the relevant CGI, subject to satisfaction of specified criteria and conditions.

Pursuant to the Corporate Governance Framework, the Company exercises its control and oversight through the formulation of a governance structure that is tailored for individual subsidiaries and associates through (i) the imposition of certain internal controls in key areas; and (ii) the adoption of management practices and policies that are appropriate to the business nature and local situation. As a result, adequate internal controls will be adopted by subsidiaries and associates and the Company will be consulted and notified on important matters, complemented by regular reporting and assurance. Compliance with this governance structure is reported by subsidiaries and associates with significant operations on an annual basis.

To facilitate colleagues who are newly nominated as directors and/or alternate directors of the Company's subsidiaries and associates in gaining a better understanding of their directors' duties and responsibilities, they are required to attend a mandatory training on "Directors' Duties and Responsibilities". This mandatory training covers the fundamental legal principles governing the duties and responsibilities of a director and key protocols and policies that are relevant to discharging their duties as the Company's representatives on the boards of directors of those entities.

BUSINESS ETHICS

Practising integrity and responsible business ethics is paramount to the Company's continued success. The Company's Code of Conduct lays down the requirements of the Company in terms of ethical practices and obliges staff to operate transparently and under the highest principles of fairness, impartiality and integrity in all of the places where the Company does business.

The Code of Conduct is reviewed and updated periodically to ensure appropriateness and compliance with relevant corporate and regulatory requirements. The updates made in the 2024 review have been released to all staff and shared across various hubs and subsidiaries at the end of October. To ensure staff awareness of these changes and to promote compliance, an online quiz was organised, attracting over 2,000 participants. In addition, as part of the Code of Conduct staff awareness programmes launched in 2020, the seventh module on "Integrity and Accuracy of Data and Records" was launched in June 2024. Animated videos and interactive games with real life examples have been provided to staff to illustrate the guiding principles and to help staff members exercise good judgement on data and records integrity and accuracy in the workplace. Other education programmes, such as mandatory online training programmes and ethical webinars on relevant ordinances, have also been introduced to raise staff awareness.

To ensure our staff members live up to the highest ethical standards, a policy related to the prevention of bribery and corrupt practices has been put in place and is reviewed periodically. Staff members are also encouraged to report existing or perceived violations of the Code of Conduct, as well as malpractices. Proper procedures relating to the whistle-blowing policy of the Company are also established, which enable staff members to raise their concerns in a safe environment and in complete confidence if they have genuine suspicions about any wrongdoings.

To assist new recruits in embracing the Company's values and ethical commitments, they are briefed on the Code of Conduct during the staff induction programme. New recruits are also required to complete mandatory online training programmes within three months of joining the Company. The Code of Conduct is available on the Company's website (www.mtr.com.hk).

In addition, the Code of Conduct serves as a guideline for establishing a comparable ethical culture among our subsidiaries and associates in and outside Hong Kong.

EXTERNAL AUDITOR

The Company engages KPMG as its External Auditor. In order to maintain KPMG's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards, the Audit & Risk Committee, under its terms of reference, pre-approves all audit services to be provided by KPMG and discusses with KPMG the nature and scope of their audit and reporting obligations before the audit commences.

The Audit & Risk Committee also reviews and pre-approves the engagement of KPMG to provide any non-audit services, for complying with relevant regulatory requirements and seeks to balance the maintenance of objectivity with value for money.

The nature of audit and non-audit services provided by KPMG and fees paid to KPMG (including any entity that is under common control, ownership or management with KPMG or any entity that a reasonable and informed third party having knowledge of all relevant information would reasonably conclude as part of KPMG nationally or internationally) are set out in note 10B to the consolidated financial statements on page 204 of this Annual Report.

For maintaining independence and objectivity as the External Auditor of the Company, KPMG implements policies and procedures to comply with professional ethics and independence policies and requirements applicable to the work it performs. In addition, KPMG requires its audit partner serving the Group to rotate off the audit engagement with the Group at least once every seven years in accordance with the Hong Kong Institute of Certified Public Accountants/International Federation of Accountants Code of Ethics.

KPMG confirms its independence with regard to The Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants regarding auditor independence.

COMMUNICATION WITH SHAREHOLDERS

The Company aims to provide shareholders with information about the Company to enable them to engage actively with the Company and exercise their rights as shareholders in an informed manner. The Board is responsible for maintaining an on-going dialogue with shareholders and, in particular, for communicating with them and encouraging their participation. The Company adopted a Shareholders' Communication Policy and is available on the website of the Company (www.mtr.com.hk).

A high-level summary of the Shareholders' Communication Policy is set out below:

- as a general policy: the Company (i) will assign dedicated management personnel to be in charge of ensuring effective and timely dissemination of information to shareholders; (ii) will provide shareholders with ready access to information about the Company; and (iii) will facilitate shareholders' participation in annual general meetings; and
- as specific policies: (i) corporate communications (such as annual reports, interim reports, circulars and announcements) will take full account of the Company's obligations under the Listing Rules and other relevant laws and regulations; (ii) annual general meetings and other general meetings are opportunities for shareholders to exercise their right to speak and discuss the business activities of the Company; (iii) announcements, notices, circulars and other documents as required by the Listing Rules, and news releases and data/information about latest developments of the Company are available on the Company's website; and (iv) shareholders can communicate their views on various matters affecting the Company, and the Company has set out different engagement channels to solicit and understand the views of its stakeholders.

During the year, the key communication channels and engagements with shareholders were as follows:

2024 AGM

- Held in hybrid format, which provided shareholders with the options of attending the 2024 AGM physically or joining online
- Submission of questions in advance of the 2024 AGM and/or in person or online during the 2024 AGM

Dividend Information

- Dividend Policy is available on page 71 of this Annual Report under "Investor Relations" section
- Dividend payment history can be found on the Company's website
- Dividend calculator for 2023 final dividend was made available on the Company's website during the scrip dividend election period to facilitate shareholders' calculation of the maximum number of scrip shares to which they are entitled

Corporate Communications

- Almost 60 corporate communications documents (including annual report, interim report and sustainability report as well as various notices and announcements) were released on the websites of the Company and the Stock Exchange
- Press releases and webcast archives of the results announcements are available on the Company's website

Investor Meetings

- Approximately 240 meetings with institutional investors and analysts globally

The Board has conducted its annual review of the Shareholders' Communication Policy and considers that it has been effectively implemented during the year ended 31 December 2024 and remains appropriate.

After the Companies (Amendment) Ordinance 2025 comes into operation on 17 April 2025, the Company will be permitted to disseminate corporate communications via its website to shareholders. This aligns with the Listing Rules' requirement to disseminate corporate communications (other than the actionable corporate communications*) by listed issuers to their securities holders electronically effective from 31 December 2023. The Company will notify shareholders about this new arrangement for dissemination of corporate communications and the relevant updates to the Shareholders' Communication Policy will be available on the Company's website.

* *Actionable corporate communications refer to any corporate communications that are issued to seek instructions from the Company's shareholders on how they wish to exercise their rights or make an election as shareholders*

Annual General Meeting

The Company's Annual General Meeting is one of the principal channels of communication with its shareholders. It provides an opportunity for shareholders to communicate face to face with Members of the Board and Members of the Executive Directorate about the Company's performance and operations. It has been the practice for the Chairman of the Company, the chairman of each Board Committee/Advisory Panel, all Members of the Executive Directorate and the External Auditor of the Company to attend Annual General Meetings to answer shareholders' questions.

The 2024 AGM continued to be held in a hybrid format, with shareholders provided with an option to participate through an online platform with a choice of language (Cantonese, English and Putonghua). Sign language interpretation and simultaneous interpretation services continued to be made available. Shareholders could submit questions in advance of the 2024 AGM or at the meeting either in person or in real-time through the online platform. For the benefit of the Company's shareholders who were unable to attend the 2024 AGM, a webcast of the whole proceedings was also posted on the Company's website for viewing during the year.

The 2025 AGM has been scheduled on 21 May 2025. To keep up with the intent of helping shareholders save time and resources and with a view to reducing the Company's carbon footprint, the Company plans to continue holding the 2025 AGM in a hybrid format, which will provide shareholders with the option of attending physically or joining the AGM online, and the abovementioned sign language interpretation and simultaneous interpretation services will continue to be provided to further facilitate smooth and direct communication between the shareholders of the Company and the Members of the Board and the Executive Directorate of the Company. The Company is committed to making available meeting facilities to enable all eligible attendees to be able to participate in the 2025 AGM.

Resolutions passed at the 2024 AGM

The Chairman proposed separate resolutions for each substantially separate issue at the 2024 AGM. Before the resolutions were considered, the Chairman exercised his right as the Chairman of the 2024 AGM under Article 71 of the Articles of Association to call a poll on all resolutions conducted by electronic means.

A total of nine resolutions were passed at the 2024 AGM (with resolution no. 3 comprising three separate resolutions), all of which were supported by over 90% of the votes cast, with a vast majority of the resolutions receiving over 99% support. The full text of the resolutions is set out in the 2024 AGM Circular (which comprised the Notice of the 2024 AGM) dated 12 April 2024 and the results of the 2024 AGM are available on the respective websites of the Company (www.mtr.com.hk) and the Stock Exchange.

Calling General Meetings

Members of the Board may call a general meeting of the Company.

Shareholders representing at least 5% of the total voting rights of all the shareholders having a right to vote at general meetings may request the Members of the Board to call a general meeting of the Company.

The requesting shareholders must state in their request the general nature of the business to be dealt with and may include the text of a resolution to be moved at the general meeting. The request may consist of several documents in like form and may be sent to the Company in hard copy or electronic form, which must be authenticated by the requesting shareholders.

The Members of the Board are required to call a general meeting within 21 days after the date on which the Company receives such request, and the general meeting must be held on a date not more than 28 days after the date of the notice convening the general meeting. If the request includes a resolution to be moved at the general meeting, the notice of the general meeting must include notice of the resolution. If the resolution is to be proposed as a special resolution, the Members of the Board are required to specify the intention to propose the resolution as a special resolution in the notice of the general meeting.

If, within 21 days after the date on which the Company receives the required request, the Members of the Board do not proceed duly to call a general meeting, the shareholder(s) who requested the general meeting, or any of them representing more than one-half of the total voting rights of all of them, may themselves call a general meeting, provided that the general meeting must be called for a date not more than three months after the date on which the Company receives the required request.

Procedures for Shareholders Putting Forward Proposals

Shareholders may put forward proposals for consideration at a general meeting according to the Companies Ordinance and the Articles of Association.

As regards proposing a person for election as a member of the Board, please refer to the "Appointment Procedure for Members of the Board of the Company" which is available on the website of the Company (www.mtr.com.hk).

Enquiries from Shareholders

Shareholders are, at all times, welcome to raise questions, communicate their views on various matters affecting the Company and request information (to the extent it is publicly available) from the Board and management by writing to the Company Secretary.

For other means of communication with the Company, please refer to the Investor Relations section (pages 70 to 71) of this Annual Report.

CONSTITUTIONAL DOCUMENT

The Company's Articles of Association (in both English and Chinese) are available on the websites of both the Company (www.mtr.com.hk) and the Stock Exchange. During the year ended 31 December 2024, there was no change to the Company's Articles of Association.

For and on behalf of the Board

Gillian Elizabeth Meller
Company Secretary
Hong Kong, 6 March 2025

AUDIT & RISK COMMITTEE REPORT

As at the date of this Report, the Audit & Risk Committee of the Company (referred to as the "Committee" in this Report) consists of six Non-executive Directors, five of whom are Independent Non-executive Directors of the Company. None of the Committee members was (within two years before his/her appointment as a Committee member) a former partner or is currently a partner of KPMG, the Company's external auditor. During 2024, Dr Carlson Tong stepped down as the Chairman of the Committee, although remains a member. The Committee is grateful for his leadership as the Committee Chairman over the past two years and for his continued contribution. Details of the Committee's membership and their attendance records during 2024 are set out on pages 92 to 93 of this Annual Report.

The Finance Director (the "FD"), the Legal and Governance Director (the "L&GD") and the Head of Internal Audit (the "Head of IA"), or their respective delegates, and representatives of the external auditor are required to attend all meetings of the Committee. The Committee meets at least once every quarter. The Chair of the Committee, any two members of the Committee, the external auditor or the FD may request additional meetings if they consider necessary.

TERMS OF REFERENCE OF THE COMMITTEE

The Terms of Reference of the Committee (the "ToR") is available on the respective websites of the Company (www.mtr.com.hk) and the Stock Exchange.

DUTIES OF THE COMMITTEE

Under the ToR, the duties of the Committee primarily comprise the following:

- Overseeing the relationship with the Company's external auditor, including making recommendations to the Board on the appointment of and any change to the Company's external auditor and communicating with the external auditor on financial matters of the Company;
- Reviewing the financial information of the Company, including monitoring the integrity of financial statements;
- Developing and implementing a policy on the engagement of the external auditor to supply non-audit services;
- Overseeing the Company's financial reporting system and internal control procedures, including overseeing the adequacy of the resources and competence of the Company's accounting and financial reporting functions;
- Overseeing the Company's Internal Audit function, including liaison with the Head of IA, approval of the annual internal audit plan of the Company and receiving periodic reports from the Head of IA;
- Reviewing the Company's enterprise risk management ("ERM") framework and the guidelines, policies and procedures for risk assessment and risk management;
- Receiving reports on the Company's enterprise risks and key emerging risks; and
- Reviewing the effectiveness of the ERM function (including staffing levels and qualifications), the Company's "Three Lines of Defence" ("3LoD") assurance framework and crisis management arrangements.

More details on the duties of the Committee are set out in the ToR and further information can be found in the "Risk Management and Internal Control Systems" section of the Corporate Governance Report on pages 96 to 101 of this Annual Report.

For more details of the features of the ERM system and processes, the significant risks being managed and the process used to review the effectiveness of the ERM system, please refer to the "Risk Management" section on pages 109 to 113 of this Annual Report.

Reporting to the Board

The Chair of the Committee summarises the activities of the Committee and highlights issues arising therefrom or concerns raised by Committee members in a report to the Board after each Committee meeting.

The minutes of Committee meetings are prepared by the secretary of the meetings with details of the matters considered by Committee members and decisions reached, including any concerns raised by Committee members, dissenting views expressed and suggestions for enhancing the governance and internal control systems of the Company. The draft minutes are circulated to Committee members for comment after each meeting. The Committee formally adopts the draft minutes at the next subsequent meeting, after taking into account any comments that Committee members may have made. Minutes of Committee meetings are open for inspection by Committee members at the Company's registered office.

In advance of the first regular Committee meeting each year, the secretary of the meetings pre-agrees key agenda items for the year with the Chair of the Committee who makes a final determination on the agenda for the Committee meetings.

WORK PERFORMED BY THE COMMITTEE IN 2024

In 2024, the Committee held four regular meetings. Representatives of the external auditor, the FD, the L&GD and the Head of IA attended or joined online all four regular meetings to report and answer questions about their work. In addition, relevant Members of the Executive Directorate were invited to join certain presentations to the Committee. During the year, the Committee also held private sessions with the external auditors and the Head of IA, without the presence of Management representatives, immediately after the regular meetings.

The Committee devoted its attention to the review of the Company's annual and interim results announcements/ financial statements at the February and August 2024 meetings respectively, while maintaining close oversight of the Company's internal controls through receiving reports from the ERM, second line of defence ("2LoD") and internal audit teams at each of the regular meetings. In addition to the four regular meetings, the Committee approved the engagement of KPMG for providing independent assurance services for the Company's Sustainability Report for 2024 and 2025, by way of circulation during the year.

Throughout 2024, the Company continued demonstrating its commitment to robust governance and effective risk management across all Business Units by implementing 3LoD model. Pursuant to this model, 2LoD activities are managed by the Legal & Governance function with its Centres of Excellence in technical, engineering, safety, quality, risk and commercial disciplines. 2LoD Assurance activities span across all Business Units of the Company as well as critical corporate projects and initiatives.

Other major work performed by the Committee in 2024 included:

Financial

- Reviewed the draft 2023 Annual Report, Annual Results Announcement and Financial Statements, 2024 Interim Report, Interim Results Announcement and Financial Statements, accounting matters, and relevant disclosure notes in the said Financial Statements and made recommendations on the same for the Board's approval;
- Received updates on the valuations of the Group's Hong Kong property assets and Mainland China investment properties;
- Received updates on the latest budget status of the Company's railway construction projects under entrustment by the Government and updates on the detailed planning for the Company's new railway projects;
- Received a preview of the 2024 interim and annual accounting, financial reporting issues and tax matters; and
- Followed up and received updates on the outstanding receivables of a business outside Hong Kong;

Internal Audit and Internal Control

- Reviewed a report on the evaluation of the effectiveness of the Internal Audit Department for 2023;
- Reviewed the continuing connected transactions for 2023;

- Reviewed Internal Audit Department's Quarterly Reports;
- Approved updates to the Internal Audit Charter;
- Approved the 2025 Internal Audit Plan; and
- Approved the Internal Audit Department strategy for compliance with the new Global Internal Audit Standards released by The Institute of Internal Auditors;

External Auditor

- Received KPMG's reports on the salient features of the 2023 Annual Financial Statements and 2024 Interim Financial Statements respectively;
- Considered KPMG's independence and other relevant factors when approving the appointment of KPMG in providing non-audit services; and noted KPMG's confirmation of independence in its audit report in respect of the 2023 Annual Financial Statements and 2024 Interim Financial Statements respectively;
- Approved KPMG to provide certain non-audit services;
- Approved KPMG's fee proposal for the 2024 annual audit and the 2025 interim review, as well as other audit related and tax services; and
- Reviewed KPMG's audit plan for the year ending 31 December 2024;

Governance

- Reviewed the report on compliance with statutes and regulations, Operating Agreement and Rail Merger Related Agreements in 2023, and outstanding litigation/potential litigation;
- Endorsed the Audit & Risk Committee Report and Risk Management related disclosures for the 2023 Annual Report; and
- Reviewed summaries of key issues reported to the Audit/Risk/Governance Committees of various subsidiaries of the Company;

Risk Management and Assurance

- Reviewed the Risk Management and Internal Control Systems effectiveness paper for 2023 for submission to the Board;
- Reviewed ERM's 2023 Annual Report, 2024 Half Yearly Report and Quarterly Reports;
- Received presentations on the new Principal Risk Area Dashboards;
- Received 2LoD's Quarterly Reports; and
- Received an annual update on the Company's insurance policies.

RE-APPOINTMENT OF EXTERNAL AUDITOR

The Committee was satisfied with KPMG's work, its independence and objectivity, and therefore recommended the re-appointment of KPMG (which has indicated its willingness to continue in office) as the Group's external auditor for 2025 for approval by the Company's shareholders at the 2025 Annual General Meeting.

Professor Anna Wong Wai-kwan
Audit & Risk Committee Chair
Hong Kong, 6 March 2025

This Audit & Risk Committee Report has been reviewed and endorsed by the Committee.

RISK MANAGEMENT

SYSTEM FEATURES

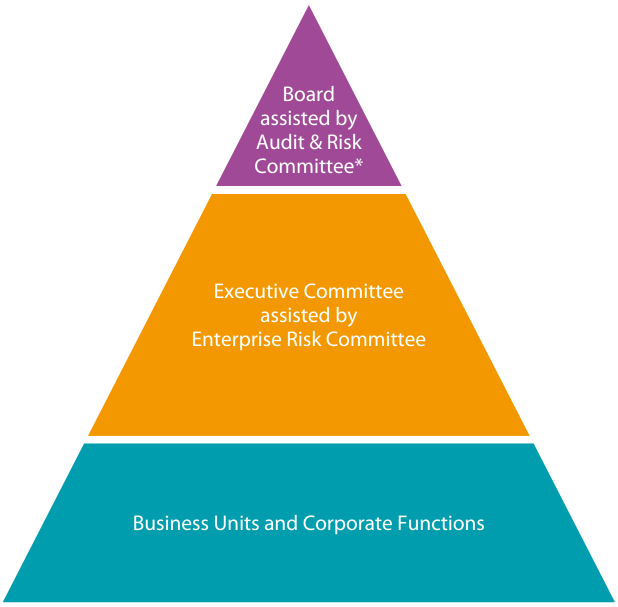
Business units across the Company embrace the Company's Enterprise Risk Management ("ERM") framework which underpins their day-to-day business activities. The framework provides a simple and effective management process to:

- Identify, assess, and effectively manage operational, functional, and enterprise risks across the Company
- Prioritise resources to manage risks
- Give management a clear view of the significant risks facing the Company
- Support decision making and project execution for better business performance

The Board, with the assistance of the Audit & Risk Committee oversees the Company's ERM framework and top risks, whereas the Executive Committee, with the support of the Enterprise Risk Committee ("ERC"), is overall accountable for the ERM policy, system implementation and continuous improvement.

The Executives provide top-down views on the key risks of the Company through discussions on the quarterly enterprise risk reports and during "Blue Sky" (brainstorming) risk workshops. In April 2024, a "Blue Sky" workshop was held, in which the Executives reviewed how Artificial Intelligence ("AI") and Generative AI were transforming today's railways (and similar industries) and discussed risks and opportunities relevant to the Company. The Company is working on an enhanced AI Governance Framework that will guide the Company in its adoption of AI and an AI & Data Governance Working Group has been set up with representatives from across the Company to review the risks associated with AI applications and the execution of the AI Governance Framework.

The Company's risks are rigorously identified, assessed and managed. Each risk is evaluated on the likelihood of its occurrence, as well as the potential consequences, while taking existing controls into consideration. A risk matrix is used to determine a risk rating (E1 – E4), with E1 being a relatively high risk and E4 being a relatively low risk. The risk rating determines the required level of management attention and risk treatment effort, while considering the Company's risk appetite. The highest category of risk, "E1", is subject to Board, Board Committee and Executive Committee oversight.



- Exercise ongoing risk oversight
- Establish appropriate risk management strategies
- Oversee the ERM framework
- Review top risks and emerging risks
- Conduct annual review of ERM system effectiveness

- Implement and continuously improve ERM framework
- Enterprise Risk Committee
  - Chaired by Legal and Governance Director
  - Comprises representatives from all business units and corporate functions
  - Steers framework implementation and improvement
  - Reviews Company's top risks and key emerging risks
  - Reports to Executive Committee and Audit & Risk Committee quarterly, and to Board every six months

- Establish arrangements and implement risk management process consistent with the Company's ERM framework and policy
- Manage risks, and identify and implement risk controls
- Capture identified risks in risk registers for regular review and monitoring

* *See the Audit & Risk Committee Report (pages 106 to 108 of this Annual Report) for duties and work performed by the Committee in 2024.*

While encountering risk is inevitable in the course of business, the Company's appetite for risk varies and is particularly low in certain areas such as in relation to public and employee safety and the provision of a reliable transport service.

The Company's ERM system provides an important internal control in identifying, assessing and managing the risks affecting the Company. As a learning organisation, the Company constantly looks for improvement opportunities through internal and external reviews and studies, including learning from incidents encountered during its operations. Following the severe rainstorm event in September 2023, the Company has identified relevant measures and has actively implemented these improvements. Flooding sensors have been installed at entrances/exits of MTR stations which are more vulnerable to flooding risk due to their surrounding environment and past flooding records. In addition, some of our strategic locations have had flood boards relocated closer to station entrances/exits and drills to handle "catastrophic flooding" have been completed at all MTR stations.

The independent external review on the ERM system completed in 2023 identified best practice recommendations which we further developed in 2024 for implementation. These include updating the ERM Manual, enhancing risk register content, streamlining the enterprise level risk profile (consolidating enterprise risks under Principal Risk Areas), and deploying risk dashboards which make reference to quantitative key risk indicators, risk controls effectiveness assessments and assurance information from across the 3LoD functions.

MANAGEMENT PROCESS FOR SIGNIFICANT RISKS

The Company adopts a proactive management process to identify, evaluate, treat, report and monitor significant risks arising from its recurrent and growth businesses and from the constantly changing business environment. Risk management strategies are developed for different areas including, but not limited to, operations, construction, finance, and environment, social and governance ("ESG").

Identify Risk*

- Existing businesses
- Changing external environment
- New projects or business ventures
- New and emerging issues or trends which may pose significant risks
- List of running issues and risk drivers for brainstorming
- Change in laws and regulations

Evaluate Risk

- Evaluate risk by estimating likelihood and consequence of the risk event
- Determine risk rating using the risk matrix (E1-E4)

Treat Risk*

- Take into account risk appetite
- Avoid risks where no appetite and possible to do so
- Mitigate – review controls in place to evaluate adequacy and effectiveness and ensure owners in place to implement
- Transfer – take out insurance to transfer risks where cost effective and efficient
- Accept once mitigated to an appropriate level

Report and Monitor Risk

- Capture risks in risk registers
- Periodic ERM reports to
  - Enterprise Risk Committee
  - Executive Committee
  - Audit & Risk Committee
  - Board

* *Areas below are not exhaustive*

The ERM Team within the Legal and Governance Function maintains a list of issues and risk drivers pertinent to the changing business and external environments, which is used to assist the ERC in identifying potential risks that may emerge.

In addition, the ERC and the Executive Committee review the Company's enterprise risk profile and brainstorm emerging risks quarterly to ensure key risks are captured, assessed and controlled. The Board also reviews these on a six-monthly basis.

Key risk management focus areas for the Company include:

Effective and Balanced Relationship with Key Stakeholders	
Key Challenges	• Diverse stakeholder expectations • Uphold public confidence in light of operational incidents • Build relationships with communities and stakeholders affected by new projects and planned service changes
Key Controls	• Implement proactive tailored engagement plans for different stakeholders to maintain effective communication and understanding • Fulfill the Company's operating obligations and maintain good performance

Operations	
Key Challenges	• Maintain asset performance while assets are ageing • Manage interfaces with works along the operating railway to mitigate any major impact on train services • Secure sufficient Non-traffic Hours ("NTH") possessions to meet asset replacement and maintenance needs • Replace complex signalling systems in a live operating railway environment • Resilience in the face of extreme weather events • Unsafe behaviour of passengers • The ageing population in Hong Kong
Key Controls	• Strengthened governance of asset replacement strategy to manage asset replacement demand • Pursue continuous improvement opportunities regarding asset management including utilising new software solutions • Explore use of technology to monitor asset condition and performance • Railway Protection and assurance teams to review potential railway interface hazards • Secure required NTH possessions through the NTH Office established to coordinate supply and demand across business units and invest in necessary resources • Engage independent safety assessor to assist delivery of safety critical projects to safety and quality standards • Comprehensive investigation of incidents followed by implementation of corrective and preventative actions • Enhanced operating procedures, inspection regimes and flood protection provisions, and enhanced design standards • Promotional campaigns to encourage safe practices by passengers • Outreach initiatives, including "Elderly Ambassadors" programme and elderly talks to raise public awareness about general railway safety

People	
Key Challenge	• Maintaining sufficient competent staff to sustain and grow MTR businesses
Key Controls	• Talent acquisition – Succession planning and forward manpower planning • Talent retention – understanding staff's concerns through engagement surveys and proactively addressing key issues through various initiatives and communication channels • Upskilling – various learning and talent development programmes across different disciplines and grades to support staff in growing their functional and managerial competencies

New Projects Quality, Programme and Cost	
Key Challenges	• Delivering new projects on time, within budget, and to the expected standard of quality while meeting stakeholder expectations • Obtaining adequate and timely NTH possessions to deliver new projects on time while need for operational maintenance/asset replacement NTH possessions is met
Key Controls	• New operating model for the Capital Works Business Unit with centralised capabilities for efficient delivery of multiple projects • Deploy three lines of defence to provide project assurance, including audits and assurance to ensure compliance with processes and procedures • Capital Works Project Integrated Management System • Monitoring of project quality and progress against Key Performance Indicators • Stringent control of change and management of contingency funds • Competency and resource management framework in the Capital Works Business Unit to ensure sufficient staff with the right skills and competencies • Use of technology to deliver and manage projects, including the use of Building Information Modelling ("BIM") and digital supervision and record keeping • NTH Office established to coordinate supply and demand for track possessions across business units and to develop initiatives and procure resources to improve possession efficiency • Proactive engagement with Government to establish the future way of delivering railway projects

New Business Model/Technological Disruption/Competition	
Key Challenges	• Current business model disrupted by new technology including Generative AI • Manage competition from other transport providers
Key Controls	• Invest in technology and digital solutions to strengthen business model • Monitor competition from other transport providers and implement initiatives to maintain market share • Governance Framework to govern the adoption of AI/Generative AI

Delivery of Growth Strategy	
Key Challenges	• Keen competition for business opportunities outside Hong Kong • Business performance below bid models and assumptions • Heightened geopolitical risk
Key Controls	• Ongoing engagement with Government to establish business models for new lines in Hong Kong • Maximise branding effect of the Company and stakeholder engagement • Diversify the Company's businesses in locations outside Hong Kong and conduct regular scans for new business opportunities • Formulate and implement business improvement plans for underperforming businesses • Regular geopolitical risk pulse check surveys

Security threat (cyber/physical)	
Key Challenges	• Threat of cyber-attack on Operations and IT systems • Terrorist attack threat
Key Controls	• Enhanced corporate security governance framework and security measures • Enhanced vulnerability management to identify and remediate vulnerabilities proactively • Enhanced Identity and Access Management System to protect against unauthorised access of critical IT systems • Enhanced IT network resilience to protect against cyber-attacks • Enhanced threat intelligence engagement to improve anomaly detection and protection against endpoints, networks, and application systems • Convergence of the Security Operation Centres of IT and Operations Technology ("OT") to improve the effectiveness on detecting cyber-attacks • Conduct of regular Red Teaming exercises to enhance incident response and vulnerability discovery capabilities • Continuous monitoring of the exposure of the Company's digital assets to the public internet

The long-term financial sustainability of the Company is continuously monitored by the Board and the Executive Committee. The revenue from our recurrent business activities continues to recover despite changes in patterns of consumer and traveller behaviour in the post-pandemic era. While our revenue in and outside of Hong Kong remains dependent to a degree on macroeconomics and consumption trends, the Group continues to implement transformation initiatives and practise prudent financial management with a view to further improving the Group's profitability in the longer-term. Further, the new railway and other projects with established viable business cases may help to contribute to the Group's long-term financial sustainability.

ESG risks are identified through the ERM framework and are mapped against relevant issues to determine material aspects during the materiality assessment process. Business resilience to extreme weather has been identified as one of the key future strategic priority areas to sustain long-term business growth, with discussions held at Board level in December 2024 and January 2025 respectively. Climate-related physical and transition risks and the roles of multiple interconnected stakeholders were examined. The Company has well-established frameworks and protocols and practical responding strategies and actions undertaken at the Corporate and Business Unit/Function levels to provide effective risk mitigation. The Company will continue to strengthen business resilience through innovation and technology adoption, scenario planning and future design enhancements as continuous improvement.

Process of System Effectiveness Review

On behalf of the Executive Committee, the ERC evaluates the effectiveness of the ERM system at least annually. The Legal and Governance Director, who chairs the ERC, presented the ERM system effectiveness review results for the year ending 31 December 2024 to the Executive Committee, which confirmed its agreement with the review results on 13 February 2025 and to the Audit & Risk Committee on 25 February 2025, who likewise confirmed their agreement with the review results.

The Audit & Risk Committee, with delegated authority from the Board, has evaluated the effectiveness and adequacy of the Company's ERM system and considers it to be overall "effective and adequate", based on a number of review areas.

Factors considered during the review

- Review areas suggested in the Corporate Governance Code for the Board's annual review of the risk management system
- Annual internal certification of risk management effectiveness by Department Heads and Heads of subsidiaries/associates
- Risk management of subsidiaries/associates
- Benchmarking/roundtable/peer group engagements and interactions
- Risk management training and promotion events held in 2024

Conclusion

The ERM system was considered overall effective and adequate for the year ended 31 December 2024.

CONTINUOUS PROCESS IMPROVEMENT

Key initiatives undertaken in relation to the ERM system in 2024 include the following:

- The ERM Team continued to produce ERM Newsletters for dissemination to all staff focusing on topical issues in risk management, aiming to raise risk awareness and share good risk management practices.
- In September 2024, the Company launched its annual Risk Awareness Week "RAW" event to promote risk awareness across all levels of the organisation, including a keynote seminar on the theme "Managing through Turbulent Times". The seminar was well received and was attended by about 240 department heads and senior managers. Over 2,400 participants also took part in the RAW Online Game aimed at testing their knowledge of risk awareness and principles. In addition, over 70 safety experts and practitioners from Hong Kong, Mainland China, and International Business Units joined the "Global Safety Roundtable" workshops in October 2024. The workshops provided a platform for exchange of safety knowledge and safety management skills. Discussions were held on risk precursors for Major Risk Scenarios, which have helped uplift the Company's risk management capability and capacity.
- Throughout 2024, the Company continued demonstrating its commitment to robust governance and effective risk management across all Business Units by implementing its 3LoD model. Pursuant to this model, 2LoD activities are managed by the Legal & Governance function with its Centres of Excellence in technical, engineering, safety, quality, risk and commercial disciplines. 2LoD Assurance activities span across all Business Units of the Company as well as critical corporate projects and initiatives.
- The Company keeps abreast of the latest developments in risk management through reviews with users, reviewing a variety of global risk reports, and cross-industry benchmarking and experience sharing, including through participation in the Hong Kong ERM Roundtable meetings and Pan-Asia Risk & Insurance Management Association ("PARIMA") meetings.

CAPITAL WORKS COMMITTEE REPORT

As at the date of this Report, the Capital Works Committee of the Company (referred to as the "Committee" in this report) consists of five Non-executive Directors, four of whom are Independent Non-executive Directors of the Company ("INEDs"). Details of the Committee's members and their attendance records during 2024 are set out on pages 92 to 93 of this Annual Report.

DUTIES OF THE COMMITTEE

The Committee's Terms of Reference are available on the website of the Company (www.mtr.com.hk).

The Committee provide oversight and advice to the Board in respect of any capital project of the Company in Hong Kong and outside of Hong Kong involving design and/or construction and/or replacement activities ("Relevant Project") with a capital value in excess of HK$10 billion and any other Relevant Project, in the event that such Relevant Project is four months or more behind programme on an overall basis:

- review the progress of such projects, from a programme, cost, quality, safety, environmental and stakeholder engagement perspective;
- review matters that could have a material impact on the programme, cost, quality, safety, environmental and stakeholder engagement aspects of such projects, including the management thereof and processes adopted by the Company in supervising and managing the projects;
- review non-compliances in relation to materials, works and processes;
- review the sufficiency of resources for and the supervision of such projects;
- keep under review the Company's communication strategy and protocols and crisis management plans in respect of such projects.

The Committee also review major technical or engineering contracts of the Company in excess of the thresholds set out in Appendix 1 to the Protocol of Conduct of Business of MTR Corporation Limited and provide guidance and recommendations, as appropriate.

The Committee report to the Board after every Committee meeting and on an ad hoc basis if the Committee deems appropriate.

WORK PERFORMED BY THE COMMITTEE IN 2024

In 2024, the Committee held six meetings at which the following key matters were reviewed and considered:

- progress and issues related to the Company's capital projects under construction including the Tung Chung Line Extension, the Oyster Bay Station, the Tuen Mun South Extension, the Hung Shui Kiu Station, the Kwu Tung Station on the East Rail Line and the Signalling Replacement Works on the urban lines
- planning and design work for other new railway projects, including the Airport Railway Extended Overrun Tunnel and the Northern Link
- half-yearly reports on the construction programme and cost status of all the awarded development projects of the Company's Property Business Unit in Hong Kong
- half-yearly reports on projects-related audits conducted by the Company's Internal Audit Department
- recommendation for award of contracts for Replacement of Power System on Tsuen Wan Line, Island Line & Tseung Kwan O Line, New Rolling Stock for Tuen Mun South Extension & Hung Shui Kiu Station, Signalling System for Tuen Mun South Extension & Hung Shui Kiu Station, Siu Ho Wan Depot Phase 1 & associated works, and Hung Shui Kiu Station

Capital Works Director and General Manager – Commercial Management (Capital Works) attended six Committee meetings, General Manager – Lantau and New Territories South Portfolio attended five meetings, to report and answer questions on projects related matters in 2024. Operations & Innovation Director attended four meetings, Chief Signal Engineer (Ops) attended five meetings, to report and answer questions on Signalling Replacement Works in 2024. Property and International Business Director attended one meeting, General Manager – Property Project attended two meetings, to report and answer questions on progress of awarded Property development projects in 2024. Other executives and senior managers were also invited to attend Committee meetings when required. I thank Committee members and colleagues for their support and hard work.

Mr Cheng Yan-kee
Capital Works Committee Chairman
Hong Kong, 6 March 2025

The Capital Works Committee Report has been reviewed and endorsed by the Committee.

FINANCE & INVESTMENT COMMITTEE REPORT

The Finance & Investment Committee (referred to as the "Committee" in this report) was established on 1 February 2022. As at the date of this Report, the Committee consists of five Non-executive Directors, of which four are Independent Non-executive Directors (INEDs). The Chairman of the Committee is an INED. Details of the Committee's members and their attendance records during 2024 are set out on pages 92 to 93 of this Annual Report.

The Chief Executive Officer, the Finance Director, and the General Manager – Corporate Finance are required to attend all meetings of the Committee. Other executives and senior managers were also invited to attend Committee meetings when required.

DUTIES OF THE COMMITTEE

The Committee's Terms of Reference are available on the respective websites of the Company (www.mtr.com.hk) and the Stock Exchange.

Reviewing proposals from the Company's Executive Directorate on the following matters and providing an assessment of such proposals to the Board for its consideration:

- the annual budget and financing plan of the Company;
- the Company's preferred financing model;
- the Company's dividend policy;
- if in excess of the financial or other thresholds set by the Board, bank borrowings or other financing agreements, investments and disposals, parent company guarantees, expenditure and revenue contract awards;
- the strategy for (if in excess of the investment threshold set by the Board) and the award of tenders for the Company's property development projects in Hong Kong;
- the average and floor selling prices for units within the Company's property development projects;
- project proposals for new capital works projects in Hong Kong; and
- the investment caps for the Company's Mainland China and International Businesses and for any other part(s) of the Company's business.

WORK PERFORMED BY THE COMMITTEE IN 2024

During 2024, the Committee held seven meetings at which the following key proposals were reviewed and considered, and the Committee made corresponding recommendations to the Board for its consideration:

- the project agreement required for undertaking the Hung Shui Kiu Station railway extension project;
- project proposal for undertaking a railway extension project;
- tender submission for two overseas railway franchise contracts;
- New Growth Engine investment update;
- Debt issuance programme for 2024;
- the change of the Company's financing horizon;
- the Company's potential financing options and mechanisms to address the funding challenges associated with both currently committed projects and those under negotiation over the next decade;
- the Company's 2024 Latest Estimate, 2025 Budget and Longer-Term Forecast;
- the Company's 2023 Final Dividend and 2024 Interim Dividend; and
- the tender arrangement and sales price proposals of various property development projects.

Mr Andrew Brandler
Finance & Investment Committee Chairman
Hong Kong, 6 March 2025

The Finance & Investment Committee Report has been reviewed and endorsed by the Committee.

REMUNERATION COMMITTEE REPORT

INTRODUCTION

The Remuneration Committee has been delegated the authority to consider and recommend to the Board the Company's remuneration policy and the remuneration packages of the Non-executive Directors, as well as to review and determine the remuneration packages for the Chief Executive Officer and other Members of the Executive Directorate.

Throughout the year, the Committee met regularly to discuss and approve remuneration issues pertaining to the Company's Core Incentive Scheme, long-term incentive scheme, and also the remuneration packages of the Chief Executive Officer and other Members of the Executive Directorate in the light of the Company's remuneration policy, and to consider and make recommendations to the Board on the remuneration packages of the Non-executive Directors. In determining the remuneration of the Chief Executive Officer, the Committee consults with the Chairman and in the case of other Members of the Executive Directorate, the Committee consults with both the Chairman and the Chief Executive Officer in respect of their recommendations.

Currently, the Committee has seven Non-executive Directors, four of whom are independent Non-executive Directors. The Chairman of the Remuneration Committee is an independent Non-executive Director. As necessary and with the agreement of the Chairman of the Remuneration Committee, the Remuneration Committee is authorised to obtain outside independent professional advice to support the Committee on relevant issues. No individual Director or any of his/her associates is involved in deciding his/her own remuneration.

The principal responsibilities of the Remuneration Committee include:

- Formulating a remuneration policy and practices that facilitate the employment of top quality talent;
- Recommending to the Board the remuneration of the Non-executive Directors;
- Determining, with delegated responsibility, the remuneration packages of Members of the Executive Directorate; and
- Reviewing and approving performance-based remuneration of Members of the Executive Directorate by reference to the Board's corporate goals and objectives.

The Committee's responsibilities are set out in its Terms of Reference and are consistent with the Code.

This Remuneration Committee Report has been reviewed and authorised by the Remuneration Committee of the Company.

REMUNERATION POLICY

It is the Company's policy to ensure that remuneration is appropriate and aligns with the Company's goals, objectives and performance. To achieve this, the Company has taken into consideration a number of relevant factors such as salaries paid by comparable companies, job responsibilities, duties and scope, employment conditions elsewhere in the Company and its subsidiaries, market practices, financial and non-financial performance, and the desired mix of fixed and performance-based remuneration.

The Company is committed to effective corporate governance and employing and motivating top quality talent. The Company also recognises the importance of a formal and transparent remuneration policy covering its Board and Executive Directorate.

REMUNERATION FOR NON-EXECUTIVE DIRECTORS

The Remuneration Committee makes recommendations to the Board from time to time on the remuneration of the Members of the Board who are Non-executive Directors. The remuneration of Non-executive Directors is in the form of annual director's fees.

To ensure that Non-executive Directors are appropriately remunerated for their time and responsibilities devoted to the Company, the Committee undertakes periodic reviews and considers the following factors as they put forward recommendations to the Board:

- Fees paid by comparable companies;
- Time commitment;
- Responsibilities of the Non-executive Directors; and
- Employment conditions elsewhere in the Company.

Details of the remuneration for the Non-executive Directors are set out in note 11 to the consolidated financial statements. The current Non-executive Director fees payable in respect of the Board, each Board Committee and Advisory Panel in effect since 1 July 2023, are set out below:

Board/Board Committees/ Panel Memberships	Annual Fees (HK$)
Board	
– Chairman	1,500,000
– Other Members	350,000
Audit & Risk Committee, Capital Works Committee, and Finance & Investment Committee	
– Chairman	160,000
– Other Members	100,000
Remuneration Committee, Nominations Committee, Environmental & Social Responsibility Committee, and Technology Advisory Panel	
– Chairman	120,000
– Other Members	70,000

REMUNERATION FOR EMPLOYEES

The Company's remuneration structure for its employees, including the Chief Executive Officer and other Members of the Executive Directorate, comprises:

- fixed compensation – base salary, allowances and benefits-in-kind (e.g. medical);
- variable incentives – discretionary or performance-based payment and other business-specific cash incentive plans;
- long-term incentives – e.g. restricted shares and performance shares; and
- retirement schemes.

The specifics of these components are described below.

Fixed Compensation

Base salary and allowances are set and reviewed annually. The annual review process takes into consideration the Company's remuneration policy, competitive market positioning, market practice, as well as the Company's and the individuals' performance. Benefits-in-kind are reviewed as and when appropriate taking into consideration market practices.

Variable Incentives

The Chief Executive Officer, other Members of the Executive Directorate and management of the Company are eligible to receive an annual performance-based cash incentive under the Company's Core Incentive Scheme ("CIS"), the terms and rules of which are regularly reviewed by the Remuneration Committee.

Under the current scheme rules, the overall CIS funding is subject to the Company's performance which is measured by both financial and non-financial factors including:

Financial Factors

- Operating profit;
- EBITDA margin; and
- Hong Kong property development profits.

Non-financial Factors

- Results from customer satisfaction surveys;
- Fulfillment of the Customer Service Pledges; and

- Fulfillment of Performance Requirements in relation to "Train Service Delivery", "Passenger Journeys on Time" and "Train Punctuality" as defined in Schedule 2, Part 1 of the Operating Agreement.

CIS funding will be automatically reduced if the Company does not achieve any one or more of the Performance Requirements. They will also be adjusted subject to the Company's achievement of all the Customer Service Pledges. The final payout will then be adjusted based on the performance of individual employees.

Following the end of each year, the Company engages an independent expert to conduct a review and audit of its performance against the Performance Requirements and Customer Service Pledges. The results of this audit are shared with the Remuneration Committee to determine if adjustments to the funding under the scheme are appropriate.

Individual performance ratings are part of the thorough annual performance assessment process that is applied throughout the Company. The performance ratings and assessments reflect the full range of factors over which the individual has accountability, including operational, other non-financial and financial factors. Performance for the Chief Executive Officer is assessed by the Chairman, and the individual performance ratings for other Members of the Executive Directorate are determined by the Chief Executive Officer.

Target incentive levels for the Chief Executive Officer and other Members of the Executive Directorate represent approximately 25-35% of total cash compensation.

In addition, the Company operates other business-related incentive schemes to motivate the staff concerned to reach specific business targets of the Company.

Discretionary Awards

In 2024, discretionary awards were provided to non-managerial staff with competent or above performance, as a recognition of their contribution to the Company's performance and achievements in the past year and to motivate staff to strive for continuous business growth. In addition, as 2024 marked the 45th Anniversary of the commencement of our metro service in Hong Kong, a one-off special award was granted to all staff in 2024 as a token of appreciation for their contributions over the years.

Long-Term Incentives

During 2024, the Company maintained the Executive Share Incentive Scheme.

Executive Share Incentive Scheme

On 15 August 2014, the Board approved the adoption of the Executive Share Incentive Scheme. The Executive Share Incentive Scheme took effect on 1 January 2015 for an original term of 10 years up to 31 December 2024. The Board has approved the renewal of the Executive Share Incentive Scheme for a further 10 years and so it will remain in force until 31 December 2034 (unless terminated earlier by the Company).

The purposes of the Executive Share Incentive Scheme are to retain management and key employees, to align participants' interest with the long-term success of the Company and to drive the achievement of strategic objectives of the Company.

The Remuneration Committee may, from time to time, at its absolute discretion, determine the criteria for any eligible employee to participate in the Executive Share Incentive Scheme as award holders in accordance with the rules of the Executive Share Incentive Scheme. An award holder may be granted an award of Restricted Shares and/or Performance Shares. Awards under the Executive Share Incentive Scheme were granted to selected employees of the Company, including Members of the Executive Directorate, in 2024. Award holders are entitled to cash dividends accrued in respect of unvested Restricted Shares that are granted on or after 1 January 2018.

Restricted Shares are awarded on the basis of the individual performance of the relevant eligible employee and vest ratably over three years in equal tranches (unless otherwise determined by the Remuneration Committee).

Performance Shares are awarded every three years and vest subject to the performance of the Company over a pre-determined performance period, assessed with reference to such Board-approved performance metric and in respect of such performance period, and any other performance conditions, as determined by the Remuneration Committee from time to time. For the most recent performance share grant covering 2024 to 2026, performance metrics include financial metrics and operational and strategic metrics to support the Company's growth, Environmental, Social and Governance commitments, innovation initiatives and project delivery in Hong Kong and overseas businesses.

In general, the Company will pay to the third party trustee (the "Trustee") monies and may give directions or a recommendation to the Trustee to apply such amount of monies and/or such other net amount of cash derived from shares held as part of the funds of the trust to acquire existing shares from the market. Such shares will be held on trust by the Trustee for the relevant award holders. The Trustee shall not exercise any voting rights in respect of any shares held in the trust and no award holder is entitled to instruct the Trustee to exercise the voting rights in respect of any unvested award shares. For purposes of Chapter 17 of the Listing Rules effective from 1 January 2023, the scheme is classified as "share schemes involving existing shares of listed issuers".

As part of the overall governance of the Executive Share Incentive Scheme, the Company reviews scheme features on a regular basis to ensure continued relevance and effectiveness.

Details of the Executive Share Incentive Scheme and shares granted to Members of the Executive Directorate and selected employees of the Company under the Executive Share Incentive Scheme are set out in notes 11 and 44 to the consolidated financial statements.

Retirement Schemes

In Hong Kong, the Company operates four retirement schemes under trust, the MTR Corporation Limited Retirement Scheme (the "MTR Retirement Scheme"), the MTR Corporation Limited Provident Fund Scheme (the "MTR Provident Fund Scheme") and two Mandatory Provident Fund ("MPF") Schemes, the "MTR MPF Scheme" and the "KCRC MPF Scheme", with details as follows:

(i) MTR Retirement Scheme

The MTR Retirement Scheme is a defined benefit scheme registered under the Occupational Retirement Schemes Ordinance (Cap. 426) (the "ORSO") and has been granted an MPF Exemption Certificate by the Mandatory Provident Fund Schemes Authority (the "MPFA").

The MTR Retirement Scheme has been closed to new employees from 1 April 1999 onwards. It is administrated in accordance with the Trust Deed and Rules by the Board of Trustees, comprising management and employee representatives, and independent non-employer trustees. It provides benefits based on the greater of a multiple of final salary multiplied by the number of years of service and a factor multiplied by the accumulated member contributions with investment returns. Members' contributions are based on fixed percentages of base salary. The Company's contributions are determined by reference to an annual actuarial valuation carried out by an independent actuarial consulting firm.

(ii) MTR Provident Fund Scheme

The MTR Provident Fund Scheme is a defined contribution scheme registered under the ORSO and has been granted an MPF Exemption Certificate by the MPFA. All benefits payable under the MTR Provident Fund Scheme are calculated by reference to members' own contributions and the Company's contributions, together with investment returns on these contributions. Both members' and the Company's contributions are based on fixed percentages of members' base salary.

(iii) MTR MPF Scheme

The MTR MPF Scheme is a defined contribution scheme covered under an MPF master trust registered with the MPFA. It covers those employees who did not opt for or who are not eligible to join the MTR Retirement Scheme or the MTR Provident Fund Scheme. Both members and the Company each contribute to the MTR MPF Scheme at the mandatory levels as required by the Mandatory Provident Fund Schemes Ordinance (Cap. 485) (the "MPFSO"). The Company makes additional contributions above the mandatory level for eligible members who joined the MTR MPF Scheme before 1 April 2008, subject to individual terms of employment.

(iv) KCRC MPF Scheme

The KCRC MPF Scheme is a defined contribution scheme covered under an MPF master trust registered with the MPFA. It covers those former KCRC employees who were previously members of the KCRC MPF scheme and were eligible to join the MTR Provident Fund Scheme but opted to re-join the KCRC MPF Scheme. Both members and the Company each contribute to the KCRC MPF Scheme at the mandatory levels as required by the MPFSO.

The Members of the Executive Directorate who were hired by the Company before 1 April 1999 are eligible to join the MTR Retirement Scheme. Other Members of the Executive Directorate are eligible to join either the MTR Provident Fund Scheme or the MTR MPF Scheme.

Dr. Jacob Kam, the Company's Chief Executive Officer effective from 1 April 2019, participates in the MTR Provident Fund Scheme.

For subsidiary companies in Hong Kong, Macau, the Mainland of China, United Kingdom, Sweden and Australia, the Group operates retirement schemes established in accordance with, in the case of subsidiaries in Hong Kong, the MPFSO and, in the case of subsidiaries in Macau, the Mainland of China and overseas, their respective local laws and regulations.

Work performed by the Remuneration Committee during the year

- Approved the 2023 Remuneration Committee Report as incorporated in the 2023 Annual Report;
- reviewed and approved payouts under the Company's performance-based CIS for the 2023 performance period;
- evaluated a proposal to link safety performance to the CIS payouts and recommended conducting further studies into available metrics;
- reviewed and approved restricted share and/or performance share awards for eligible employees under the Executive Share Incentive Scheme;
- conducted an annual review of the remuneration packages for Members of the Executive Directorate, which took effect in July 2024;
- conducted review on the remuneration packages for Members of the Executive Directorate, as appropriate; and
- endorsed the performance metrics which determine the vesting of Performance Shares covering the performance period of 2024 – 2026 under the Executive Share Incentive Scheme.

REMUNERATION OF NON-EXECUTIVE AND EXECUTIVE DIRECTORS

The total remuneration of the Members of the Board and the Executive Directorate is shown below and the remuneration details are set out in note 11 to the consolidated financial statements.

in HK$ million	**2024**	2023
Fees	**10.7**	10.4
Base salaries, allowances and other benefits-in-kind	**60.8**	63.9
Variable remuneration related to performance	**33.0**	26.6
Retirement scheme contributions	**7.5**	7.0
Share-based payments	**26.9**	22.8
Total	**138.9**	130.7

Please refer to note 11 to the consolidated financial statements for information relating to the five highest paid employees of the Company for the year ended 31 December 2024.

Mr Adrian Wong Koon-man
Remuneration Committee Chairperson
Hong Kong, 17 February 2025

BOARD AND EXECUTIVE DIRECTORATE

Full biographies of Members of the Board and the Executive Directorate are available on the Company's website (www.mtr.com.hk).

MEMBERS OF THE BOARD

Dr Rex Auyeung Pak-kuen*^

GBS, JP

Age 72

Chairman (since 1 July 2019)
NED (since 7 March 2019)
Environmental & Social Responsibility Committee *(Chairman)*
Nominations Committee *(Member)*
Remuneration Committee *(Member)*

Dr Auyeung leads the Board of the Company in ensuring effective management and oversight of the Company's business affairs, formulating the corporate strategy, establishing the corporate governance structure and evaluating the performance of the Executive Directorate.

Dr Auyeung is the vice chairman and an independent non-executive director of C-MER Medical Holdings Limited, and an independent non-executive director of China Construction Bank (Asia) Corporation Limited.

Dr Auyeung has over 40 years of experience in the insurance industry in Canada and Hong Kong. Before his retirement in June 2017, he was Chairman – Asia of the Principal Financial Group Inc. ("PFG"), a Fortune 500 company, responsible for PFG's overall businesses in Asia.

Dr Auyeung also actively serves the public sector and is currently a board member of Bo Charity Foundation (Food Angel) and a convenor of the Advisory Committee of the Jockey Club Community eHealth Care Project. In addition, he is a member of the Board of Advisers of Healthcare Dispute Resolution Centre Limited.

Dr Auyeung was previously an independent non-executive director of HSBC Provident Fund Trustee (Hong Kong) Limited, Standard Life (Asia) Limited and Sompo Insurance China Co., Ltd. He was also the chairman of Hong Kong Strategy for Financial Literacy Sub-committee on Stakeholder Coordination and Collaboration, a member of the Board of Directors of the Investor and Financial Education Council under the Securities and Futures Commission of Hong Kong, an observer of the Independent Police Complaints Council Observers Scheme, a member of the Independent Review Committee on Hong Kong's Franchised Bus Service and the chairman of the Council of Lingnan University.

Dr Jacob Kam Chak-pui*^

JP

Age 63

Chief Executive Officer ("CEO") (since 1 April 2019)
Environmental & Social Responsibility Committee *(Member)*

Dr Kam joined the Company in 1995 and had held various management positions in the Operations, Projects and Mainland China and International Business Divisions. Before the CEO appointment, he was the Operations Director between January 2011 and April 2016 and the Managing Director – Operations and Mainland Business from May 2016.

As the CEO, Dr Kam is responsible for all performance of the Company and its group companies, both in and outside Hong Kong.

Dr Kam is an Honorary Chairman of the International Association of Public Transport (UITP) and a member of each of the General Committee of The Hong Kong General Chamber of Commerce, and the General Committee of the Employers' Federation of Hong Kong. He is also a member of the United Nations Economic and Social Commission for Asia and the Pacific (UN ESCAP) Sustainable Business Network (ESBN) Executive Council and the chair of its Task Force on Infrastructure and Logistics.

Dr Kam qualified as a Chartered Engineer in the United Kingdom in 1989.

Andrew Clifford Winawer Brandler

Age 68

INED (since 17 May 2017)
Finance & Investment Committee *(Chairman)*
Audit & Risk Committee *(Member)*

Mr Brandler is the chairman of Sir Elly Kadoorie & Sons Limited. He was formerly the group managing director and chief executive officer of CLP Holdings Limited from 2000 to 2013, an executive director between October 2013 and April 2014, and currently is the vice chairman of the board and a non-executive director of that company. Mr Brandler is also a non-executive director of The Hongkong and Shanghai Hotels, Limited and the chairman of the Board of Governors of the Chinese International School.

Prior to joining CLP Holdings Limited in 2000, Mr Brandler was an investment banker, his last position being Head of Asia Pacific Corporate Finance at Schroders based in Hong Kong. He is the former chairman of The Hong Kong General Chamber of Commerce.

Mr Brandler is a member of The Institute of Chartered Accountants in England and Wales.

Dr Bunny Chan Chung-bun

GBM, GBS, SBS, BBS, JP
Age 67

INED (since 20 May 2020)
Environmental & Social Responsibility Committee *(Member)*
Remuneration Committee *(Member)*

Dr Chan has over 30 years of experience in the garment industry and is the founder and chairman of Prospectful Holdings Limited. He is an independent non-executive director of Li Ning Company Limited and Glorious Sun Enterprises Limited. Dr Chan is currently a member of the Hong Kong delegation to the National People's Congress of the People's Republic of China. He is also the chairman and a founding member of the Hong Kong Army Cadets Association, a member of the Court of Hong Kong Metropolitan University (formerly The Open University of Hong Kong), and an advisor to Our Hong Kong Foundation.

Dr Chan was formerly an independent non-executive director of Speedy Global Holdings Limited and Great Harvest Maeta Holdings Limited. He was appointed to the Commission on Youth in 2004 and was the chairman from 2009 to 2015. Dr Chan set up the Hong Kong Association of Youth Development in 2007 and was the former chairman of the Kwun Tong District Council and the vice-chairperson of the Community Care Fund Task Force of the Commission on Poverty. He also served on the Financial Reporting Council, the Social Welfare Advisory Committee, the Personal Data (Privacy) Advisory Committee, and the Council for Sustainable Development.

Walter Chan Kar-lok#

SBS, JP
Age 71

INED (since 22 May 2019)
Nominations Committee *(Chairman)*
Capital Works Committee *(Member)*

Mr Chan has been a practising lawyer for over 40 years and is currently a senior consultant of Messrs. So, Lung & Associates, Solicitors. He is also a China-Appointed Attesting Officer. Mr Chan currently is an independent non-executive director of Chiyu Banking Corporation Limited and a member of the supervisory board of The Hong Kong Housing Society.

Mr Chan was formerly the chairman of Appeal Tribunal (Buildings) and The Hong Kong Housing Society, as well as a non-executive director of the Urban Renewal Authority. He was also a member of the Housing Authority, the Town Planning Board, the Harbourfront Commission, the Advisory Committee on Post-service Employment of Civil Servants and the Board of Advisors of Radio Television Hong Kong, and a convenor-cum-member of the Pensions Appeal Panel under the Civil Service Bureau.

Cheng Yan-kee*^

BBS, JP

Age 70

INED (since 22 May 2019)
Capital Works Committee *(Chairman)*
Remuneration Committee *(Member)*

Mr Cheng is a practising civil and structural engineer, and an Authorised Person and a Registered Structural Engineer under the Buildings Ordinance. He is also a Class 1 Registered Structural Engineer in the People's Republic of China.

Mr Cheng currently is a director of YKC Consulting Engineers Limited. He is also a member of each of the Advisory Committee on Post-service Employment of Civil Servants and the Advisory Committee on Post-office Employment for Former Chief Executives and Politically Appointed Officials. Mr Cheng is also a member of the Supervisory Managing Organisation under The Nina and Teddy Wang Charitable Trust.

Mr Cheng formerly was an independent non-executive director of K. H. Group Holdings Limited, President of the Institution of Structural Engineers, and Chairman of both the Council of the Hong Kong Baptist University and the Corruption Prevention Advisory Committee under the Independent Commission Against Corruption. He was also a member of the Hospital Authority, Town Planning Board and Hong Kong Housing Authority.

Hui Siu-wai

SBS

Age 68

INED (since 26 May 2021)
Capital Works Committee *(Member)*
Remuneration Committee *(Member)*

Mr Hui joined the Hong Kong Government in 1978 as a student building surveyor. He worked in a wide range of posts in the former Buildings Ordinance Office, the former Building Development Department, the former Buildings and Lands Department and the Buildings Department. In 2001, Mr Hui was seconded to the Security Bureau of the HKSAR Government and assumed the position of the Principal Assistant Secretary/Special Duties, with the primary responsibility of overseeing aviation security. Before his retirement, Mr Hui was the Director of Buildings between 2014 and 2017.

Mr Hui was appointed by the HKSAR Government and served as a member of the Expert Adviser Team for the Shatin-to-Central Link Project between 2018 and 2020.

Mr Hui has been a member of the Hong Kong Institute of Surveyors since 1984.

Ayesha Macpherson Lau

BBS, JP
Age 58

INED (since 22 May 2024)
Audit & Risk Committee *(Member)*
Finance & Investment Committee *(Member)*

Mrs Lau is a chartered accountant. Prior to joining KPMG in Hong Kong, she had worked at KPMG in London. Mrs Lau was formerly a Partner of KPMG China and its Managing Partner in Hong Kong. She retired from all her positions at KPMG in September 2021.

Mrs Lau actively engages in community service and has been appointed by the HKSAR Government as a member of various finance advisory bodies. She is the chairman and a non-executive director of both Mandatory Provident Fund Schemes Authority and its wholly-owned subsidiary, eMPF Platform Company Limited, a director of the Hong Kong Academy of Finance, as well as a member of the Exchange Fund Advisory Committee of the Hong Kong Monetary Authority, and a member of the Financial Infrastructure and Market Development Sub-Committee and Governance Sub-Committee of its Exchange Fund Advisory Committee. In addition, Mrs Lau has been an Accounting Advisor of the Ministry of Finance of the People's Republic of China since May 2016 and a member of the Chinese People's Political Consultative Conference of Jiangsu Province Committee, since January 2018. She is also an advisor of Our Hong Kong Foundation.

Mrs Lau was the chairman of the Joint Committee on Student Finance, a member of each of the Legal Aid Services Council, Financial Leaders Forum, the Council of The University of Hong Kong, the Public Service Commission, the Advisory Panel on BEPS 2.0, the Lump Sum Grant Independent Review Committee, the Task Force on Economic Challenges, the Financial Reporting Review Panel of the Financial Reporting Council, the Market Development Committee and the Policy Research Committee of the Financial Services Development Council, the Hong Kong Trade Development Council, the Independent Commission Against Corruption Advisory Committee on Corruption, the Harbourfront Commission, the Aviation Development Advisory Committee, the Standing Committee on Judicial Salaries and Conditions of Service and the Women's Commission.

Mrs Lau is a member of each of The Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants.

Sunny Lee Wai-kwong*^

BBS, JP
Age 65

INED (since 25 May 2022)
Technology Advisory Panel *(Chairman)*
Capital Works Committee *(Member)*

Mr Lee has more than 40 years of experience in business and technology management gained in both Hong Kong and overseas. He is an independent non-executive director of SUNeVision Holdings Ltd and BOC Hong Kong (Holdings) Limited.

Mr Lee is the former vice-president (Administration) of City University of Hong Kong. He was the executive director of information technology ("IT") of The Hong Kong Jockey Club ("HKJC"), where he served as a member of the board of management and had overall responsibility for HKJC's IT strategy and innovation. Prior to joining HKJC, Mr Lee held various key positions at The Hong Kong and China Gas Company Limited, including as an executive committee member and as chief information officer of the group, as well as the chief executive officer of two strategic diversification businesses, iCare.com Limited and Towngas Telecommunications Company Limited.

Mr Lee also actively serves in many governing and advisory committees in the academic, professional and community arena. He is the board chairman of Hong Kong Applied Science and Technology Research Institute Company Limited, an ex-officio member of the Committee on Innovation, Technology and Industry

Development of the HKSAR, as well as a council member of each of Hong Kong Management Association, Hong Kong Quality Assurance Agency and Hong Kong Professionals and Senior Executives Association.

Mr Lee, formerly, was a president of Hong Kong Computer Society, as well as the chairman of the Hong Kong Institute of IT Professional Certification, the Public Libraries Advisory Committee of the HKSAR and the board of Hong Kong Education City. He was also a council member of Vocational Training Council, an audit committee member of Hong Kong Housing Society, and a member of the Working Group of Intellectual Property Trading of the HKSAR.

Mr Lee is a Chartered IT Professional and a Chartered Engineer.

Jimmy Ng Wing-ka^

BBS, JP

Age 55

INED (since 22 May 2019)
Nominations Committee *(Member)*
Technology Advisory Panel *(Member)*

Mr Ng is a solicitor admitted to practise in Hong Kong and currently is a partner of Messrs. Tung, Ng, Tse & Lam, Solicitors. He is currently a member of the Hong Kong delegation to the National People's Congress of the People's Republic of China and a Legislative Council member representing the Industrial (Second) Functional Constituency. Mr Ng is an independent non-executive director of Yanchang Petroleum International Limited and Glorious Sun Enterprises Limited. He is also the chairman of the Hong Kong – Taiwan Business Co-operation Committee and the HKSAR Passports Appeal Board, a vice-chairman of the Independent Police Complaints Council, a non-executive director of The Hong Kong Mortgage Corporation Limited, and a member of the Court and the Council of The University of Hong Kong, the Competition Commission and the Chinese People's Political Consultative Conference of Shaanxi Province, the People's Republic of China.

Mr Ng was formerly an independent non-executive director of China Weaving Materials Holdings Limited, a non-executive director of the Mandatory Provident Fund Schemes Authority, a director of Hong Kong Science and Technology Parks Corporation, and a member of each of the Small and Medium Enterprises Committee of the Trade and Industry Department and the Council of The Hong Kong Polytechnic University.

Dr Carlson Tong^

GBS, SBS, JP

Age 70

INED (since 25 May 2022)
Audit & Risk Committee *(Member)*
Finance & Investment Committee *(Member)*

Dr Tong is a chartered accountant and has extensive experience in the financial services sector and the capital market in both the Mainland China and Hong Kong markets. He is the chairman of Hong Kong Exchanges and Clearing Limited and an independent non-executive director of Standard Chartered Bank (Hong Kong) Limited. Dr Tong is also a member of the International Advisory Council of the National Financial Regulatory Administration.

Dr Tong joined KPMG UK in 1979 and became an audit partner of the firm in Hong Kong in 1989. He was elected chairman of KPMG China and Hong Kong in 2007, before becoming the Asia Pacific chairman and a member of the global board and global executive team of KPMG in 2009. Dr Tong spent over 30 years at KPMG and was actively involved in the work of the capital market, corporate governance and regulatory compliance, serving as a member of the Main Board and Growth Enterprise Market Listing Committee of The Stock Exchange of Hong Kong Limited from 2002 to 2006, before becoming the chair during 2006 to 2008. After retiring from KPMG in 2011, he was appointed a non-executive director of the Securities and Futures Commission ("SFC"), and later acted as its chairman for the period from 2012 to October 2018.

Dr Tong oversaw a number of major policy initiatives during his term as the chairman of the SFC, including the introduction of the Hong Kong and Shanghai/Shenzhen Stock connect schemes and the mutual recognition of funds between the Mainland and Hong Kong.

Dr Tong, formerly, was an independent non-executive director of Standard Chartered PLC, a non-executive director of the Hong Kong International Airport Authority, chairman of Aviation Security Company Limited, chairman of the University Grants Committee, a member of the Exchange Fund Advisory Committee of Hong Kong Monetary Authority, a vice president and a council member of the Hong Kong Institute of Certified Public Accountants, a member of the Hong Kong Human Resources Planning Commission, and a board member of Hong Kong Laureate Forum Limited.

Dr Tong currently sits on various HKSAR Government and professional bodies. He is the chairman of the Independent Commission on Remuneration for Members of the Executive Council and the Legislature, and Officials under the Political Appointment System, as well as the chairman of the Task Force on Enhancing Stock Market Liquidity. Dr Tong is also a board member of both Hong Kong Investment Corporation Limited and the Hong Kong Academy of Finance, a member of the Judicial Officers Recommendation Commission, and a member of the Greater China Strategic Advisory Group of the Institute of Chartered Accountants in England and Wales ("ICAEW"). In addition, he is a board member of The Community Chest of Hong Kong and a director of the World Federation of Exchanges.

Dr Tong is a Fellow of ICAEW and the Hong Kong Institute of Certified Public Accountants respectively.

Sandy Wong Hang-yee

JP

Age 53

INED (since 24 May 2023)
Environmental & Social Responsibility Committee *(Member)*
Nominations Committee *(Member)*

Ms Wong is a solicitor admitted to practise in Hong Kong and England and Wales. She is currently a non-executive director of Medialink Group Limited and a consultant at So, Lung & Associates, Solicitors.

Ms Wong has taken up many public duties in serving the community. She is the chairlady of the Human Organ Transplant Board, and a member of the Town Planning Board and the vice-chairperson of its Metro Planning Committee. Ms Wong is also a member of each of the Hong Kong Advisory Council on AIDS, the HKSAR Election Committee, the Election Committee for the HKSAR Deputies to the 14th National People's Congress of the People's Republic of China and the Mandatory Provident Fund Schemes Appeal Board, and a co-opted member of the Broadcast Codes of Practice Committee of the Communications Authority. She is the Past President and a council member of the Hong Kong Federation of Women Lawyers Limited and an honorary court member of the Hong Kong Baptist University.

Ms Wong was formerly a consultant and the Head of Legal of Maxim's Caterers Limited and a consultant at Liau, Ho & Chan, Solicitors & Notaries. She was also a member of the Competition Commission and the chairlady of its Enforcement Committee, a member of each of the Audit Committee of West Kowloon Cultural District Authority, the Chinese Medicine Practitioners Board, and the Hong Kong Council on Smoking and Health, and a council member and a court member of the Hong Kong Baptist University.

Adrian Wong Koon-man

BBS, MH, JP

Age 60

INED (since 26 May 2021)
Remuneration Committee *(Chairman)*
Audit & Risk Committee *(Member)*

Mr Wong is an executive director and Chief Operations Officer of VL Asset Management Limited and a director of Abercan Limited. He is also the chairman of the Standing Commission on Civil Service Salaries and Conditions of Service as well as a member of each of the Travel Industry Authority, the Public Service Commission and the Unsolicited Electronic Messages (Enforcement Notices) Appeal Board.

Mr Wong previously worked for commercial law firms in England and in Hong Kong and specialised in listings and mergers and acquisitions in the Greater China region. He was the chairman of the Corruption Prevention Advisory Committee and a member of the Advisory Committee on Corruption of the Independent Commission Against Corruption. Mr Wong previously was also a board member of Airport Authority Hong Kong and Aviation Security Company Limited, and a member of each of the Listing Committee of The Stock Exchange of Hong Kong Limited, the Communications Authority and the Air Transport Licensing Authority, as well as a director of the Urban Renewal Fund.

Professor Anna Wong Wai-kwan

Age 65

INED (since 24 May 2023)
Audit & Risk Committee *(Chairman)*
Finance & Investment Committee *(Member)*

Professor Wong is a Professor of Practice in Finance at the Faculty of Business and Economics and the Program Director of the Bachelor of Finance (Asset Management and Private Banking) at The University of Hong Kong. She teaches financial regulations, compliance and credit risk management at the Faculty.

Professor Wong has extensive experience in banking and finance. She had worked in major financial institutions including Citigroup, HSBC, Credit Suisse, BNP Paribas and the Chase Manhattan Bank, covering private banking, asset management, securities brokerage, corporate and commercial banking, credit and risk management. Professor Wong was the Head of Private Bank, Greater China at Credit Suisse and the CEO of HSBC Broking Services (Asia) Limited.

Professor Wong is an independent non-executive director of The Hong Kong and China Gas Company Limited and a member of each of the Competition Commission, the Finance Committee of the Housing Authority, the Process Review Panel for the Accounting and Financial Reporting Council, the Human Capital Committee of the Financial Services Development Council and the Innovation and Technology Venture Fund Advisory Committee. She was previously a non-executive director of the Insurance Authority, a member of the Advisory Committee of the Securities and Futures Commission, an independent non-executive director of Bank of China International Limited and a director of each of the Hong Kong Securities and Investment Institute and Hong Kong Securities Association Limited, as well as a member of the Investment Committee of The Hong Kong Polytechnic University.

Professor Wong is a Senior Fellow of Hong Kong Securities and Investment Institute.

Christopher Hui Ching-yu (Secretary for Financial Services and the Treasury)

GBS, JP

Age 48

NED (since 1 June 2020)
Remuneration Committee *(Member)*
Finance & Investment Committee *(Member)*

Mr Hui sits on the boards of several public bodies, including Airport Authority Hong Kong, Mandatory Provident Fund Schemes Authority, The Hong Kong Mortgage Corporation Limited and West Kowloon Cultural District Authority, and is the Chairman of the Kowloon-Canton Railway Corporation and an ex-officio member of the Financial Services Development Council ("FSDC") in his official capacity. He is also, in his official capacity, a director of Hongkong International Theme Parks Limited and Hong Kong Investment Corporation Limited. In addition, Mr Hui is a member of the Democratic Alliance for the Betterment and Progress of Hong Kong.

Mr Hui was an Administrative Officer in the HKSAR Government from 1999 to 2003 and held different positions in the Economic Development Branch, the Office of the HKSAR Government in Beijing and the Home Affairs Department. After he left the HKSAR Government in 2003, Mr Hui worked in the banking sector before joining Hong Kong Exchanges and Clearing Limited ("HKEx") in 2006. From 2006 to 2018, Mr Hui held various senior positions in the Market Development Division and Listing Division in HKEx and was the Managing Director at the time he left HKEx. He was the Executive Director of FSDC from 2019 to 2020.

Alternate Directors

(i) Joseph Chan Ho-lim *(since 1 June 2020)*
(ii) Andrew Lai Chi-wah *(since 23 July 2024)*
(iii) Bruno Luk Kar-kin *(since 5 September 2024)*

Secretary for Transport and Logistics@ (Mable Chan)

JP

Age 59

NED (since 5 December 2024)
Nominations Committee *(Member)*
Remuneration Committee *(Member)*

Ms Chan is a board member of Airport Authority Hong Kong.

Ms Chan joined the Government as an Administrative Officer in 1989 and has served in various bureaux and departments. Her recent postings included Deputy Secretary for Financial Services and the Treasury (Treasury) from July 2012 to July 2016, Deputy Secretary for Financial Services and the Treasury (Financial Services) from August 2016 to October 2017, the Commissioner for Transport from October 2017 to July 2020 and the Permanent Secretary for Transport and Logistics (formerly named Permanent Secretary for Transport and Housing (Transport)) from August 2020 to December 2024. She served as a Non-executive Director of the Company and a member of each of the former Audit Committee and the former Risk Committee of the Company in her capacity as the Commissioner for Transport.

Alternate Directors

(i) Under Secretary for Transport and Logistics *(Liu Chun-san since 2 August 2022)*
(ii) Permanent Secretary for Transport and Logistics
(iii) Deputy Secretary for Transport and Logistics 1 *(Amy Wong Pui-man since 30 January 2023)*
(iv) Deputy Secretary for Transport and Logistics 2 *(Kirk Yip Hoi-ying since 30 December 2024)*

Permanent Secretary for Development (Works)@ (Ricky Lau Chun-kit)

JP

Age 58

NED (since 8 October 2021)
Capital Works Committee *(Member)*
Technology Advisory Panel *(Member)*

Mr Lau joined the Hong Kong Government in March 1992 and was the Director of Civil Engineering and Development from October 2018 to October 2021.

Mr Lau is a fellow of The Hong Kong Institution of Engineers and the Institution of Civil Engineers, United Kingdom.

Alternate Director

Deputy Secretary for Development (Works)3
(Tony Ho Ying-kit since 5 June 2023)

Commissioner for Transport@ (Angela Lee Chung-yan)

JP

Age 52

NED (since 28 August 2023)
Audit & Risk Committee *(Member)*
Environmental & Social Responsibility Committee *(Member)*

Ms Lee, in her official capacity as the Commissioner for Transport, also serves as a director of several transport-related companies including The Kowloon Motor Bus Company (1933) Limited, Long Win Bus Company Limited, New Lantao Bus Company (1973) Limited, Citybus Limited, The "Star" Ferry Company Limited and Route 3 (CPS) Company Limited.

Ms Lee joined the Administrative Service in 1994 and rose to the rank of Administrative Officer Staff Grade B1 in April 2022. She has served in various bureaux and departments, including the former Home Affairs Branch, the former Constitutional Affairs Branch, the Home Affairs Department, the Security Bureau, the former Environment, Transport and Works Bureau, the Trade and Industry Department and the former Food and Health Bureau. Ms Lee was Deputy Secretary for Home Affairs from April 2015 to October 2017, Deputy Secretary for Transport and Housing (Transport) from October 2017 to December 2020 and Deputy Secretary for Development (Works) from December 2020 to August 2023.

Alternate Director

Deputy Commissioner for Transport/Transport Services and Management
(Candy Kwok Wai-ying since 29 July 2024)

Notes:
** Also a director of the Company's subsidiary(ies).*
^ Up for retirement by rotation and eligible for re-election at the Company's forthcoming Annual General Meeting ("AGM").
 # Director who will retire after the conclusion of the Company's forthcoming AGM.
@ Director appointed by the Chief Executive of the HKSAR pursuant to Section 8 of the MTR Ordinance, who is not required to retire by rotation under the Articles of Association.
INED : independent non-executive director
NED : non-executive director

MEMBERS OF THE EXECUTIVE DIRECTORATE

Margaret Cheng Wai-ching | Sammy Wong Kwan-wai | Michael George Fitzgerald | Jeny Yeung Mei-chun | Dr Jacob Kam Chak-pui

Dr Jacob Kam Chak-pui*

JP

Age 63

Chief Executive Officer (since 1 April 2019)
Environmental & Social Responsibility Committee *(Member)*

His biography is set out on page 121.

Jeny Yeung Mei-chun*

Age 60

Managing Director – Hong Kong Transport Services (since 1 October 2023)

Ms Yeung joined the Company in November 1999. Prior to her current position, Ms Yeung was the Commercial Director since September 2011, and the Hong Kong Transport Services Director since July 2021. She is currently the Non-Executive Chairman of Octopus Holdings Limited and of two members of the Octopus Holdings Limited group.

Ms Yeung heads the Hong Kong Transport Services Business and has overall responsibility for the Company's railway transport operations and its commercial businesses in Hong Kong. These include the metro network, the Airport Express and the High Speed Rail.

Before joining the Company, Ms Yeung held various marketing and business development positions in Standard Chartered Bank (Hong Kong) Limited and Citibank in Hong Kong.

Ms Yeung is a non-official member of The Hong Kong Housing Authority as well as its Commercial Properties Committee and Finance Committee. She is also a member of the Council for Carbon Neutrality and Sustainable Development, and an independent non-executive director of Hongkong International Theme Parks Limited. Ms Yeung was the Chairman of Ngong Ping 360 Limited, an independent non-executive director of Mox Bank Limited, a director of Hong Kong Cyberport Management Company Limited and a member of the Cyberport Advisory Panel. She was also a member of the Advisory Committee on Enhancing Employment of People with Disabilities and a member of the Hong Kong Tourism Board, as well as a non-official member of the Immigration Department Users' Committee.

Ms Yeung is a Fellow of both The Chartered Institute of Marketing and Hong Kong Institute of Marketing and a Chartered Fellow of The Chartered Institute of Logistics and Transport in Hong Kong.

David Tang Chi-fai | Carl Michael Devlin | Gillian Elizabeth Meller | Linda Choy Siu-min | Dr Tony Lee Kar-yun

Margaret Cheng Wai-ching*

JP

Age 59

Human Resources Director (since 1 June 2016)
Environmental & Social Responsibility Committee *(Member)*

Ms Cheng is responsible for all of the Company's human resources and administration affairs. She is currently the President of MTR Academy.

Ms Cheng is a seasoned human resources practitioner with rich senior management experience. She took up different human resources roles in Citibank, N.A. between 1993 and 1997, and was with JP Morgan as Vice President, Human Resources between 1997 and 2001. From 2001 to 2013, Ms Cheng was with The Hongkong and Shanghai Banking Corporation Limited ("HSBC") and was Head of Human Resources, Hong Kong and Global Business, Asia Pacific when she left HSBC. Before joining the Company, she was Group Head of Human Resources of Hong Kong Exchanges and Clearing Limited.

Ms Cheng is serving various public duties at the HKSAR Government, including acting as a member of the Standing Committee on Directorate Salaries and Conditions of Service, a member of the Panel of Arbitrators appointed under the Labour Relations Ordinance, and a non-official member of the Civil Service Training Advisory Board. She is also the chairman of the Career Development Board of The Chinese University of Hong Kong, the vice-chairman of the Hong Kong Council for Accreditation of Academic and Vocational Qualifications, as well as a board member of the Hospital Authority and the chairman of its Human Resources Committee.

Ms Cheng is currently the Immediate Past President and a Fellow Member of the Hong Kong Institute of Human Resource Management. She is also the Chairperson of The Hong Kong Management Association's People Management Committee.

Linda Choy Siu-min*

Age 54

Corporate Affairs and Branding Director (since 1 July 2021)

Ms Choy joined the Company as the Corporate Affairs Director in March 2020.

Ms Choy is responsible for overseeing the Company's corporate communications, corporate relations and branding functions.

Ms Choy has extensive experience in public affairs and communications, public engagement and journalism. She started her career in 1992 as a reporter for the South China Morning Post ("SCMP") and later joined the HKSAR Government as an Administrative Officer, holding a number of positions in various policy bureaux between 1998 and 2004. Ms Choy rejoined SCMP as its China News Editor in 2004 and was later promoted to News Editor before she took on the position of Director, Government Relations of Hong Kong Disneyland Management Limited ("HKDML") in 2007. In 2008, she left this role and was appointed by the HKSAR Government as the Political Assistant to the Secretary for the Environment until 2012, after which she rejoined HKDML as its Vice President, Communications & Public Affairs, a position which she held from 2013 to January 2020.

Ms Choy is currently the Vice-Chairperson of the Public Libraries Advisory Committee, and a member of the Lantau Development Advisory Committee, the Advisory Committee on Mental Health as well as the Community Involvement Committee on Greening. She is also the Vice Council Chair of Hong Chi Association and an advisor of the Institute of Mental Health, Castle Peak Hospital.

Carl Michael Devlin

Age 55

Capital Works Director (since 1 August 2022)

Mr Devlin joined the Company in November 2021.

Mr Devlin is responsible for leading the Capital Works Business Unit and overseeing the Company's capital works portfolio, covering new railway extensions and operations projects.

Mr Devlin possesses extensive experience across a range of large-scale, complex and multi-disciplinary projects in different sectors including transport, rail and civil infrastructure, aviation, energy, oil and gas. He has a strong project management background with solid business leadership experience and has worked successfully with stakeholders and international companies in the United Kingdom, New Zealand, Australia, United States of America, Canada and Japan. Before joining the Company, Mr Devlin was General Manager, Rail & Mass Transit of Waka Kotahi New Zealand Transport Agency. Prior to that, from 2015 to 2018, he was the Executive Director of Construction for Horizon Nuclear Power in the United Kingdom and Programme Director for Transport for London, United Kingdom, from 2013 to 2015. Mr Devlin previously held senior leadership roles with Laing O'Rourke, BAA plc and Bechtel Infrastructure.

Mr Devlin is a Fellow Member of The Hong Kong Institution of Engineers and a Chartered Member of Engineers Ireland.

Michael George Fitzgerald*

Age 51

Finance Director (since 1 January 2024)

Mr Fitzgerald joined the Company in September 2023.

Mr Fitzgerald is responsible for the financial management of the Company's affairs, including financial planning and control, budgeting, accounting and reporting, and corporate finance. He also leads the treasury and investor relations functions of the Company.

Mr Fitzgerald has extensive corporate finance and investment banking experience. He started his career at KPMG in London in 1995 and worked for Société Générale from 1999 to 2014, holding various posts in London, Hong Kong and Paris. After he left Société Générale, Mr Fitzgerald joined the Orient Overseas (International) Limited ("OOIL") group as the Group Finance Director and was later appointed as the Deputy Chief Financial Officer and a member of the Compliance Committee of OOIL. He was also a director and a member of the Executive Committee of Orient Overseas Container Line Limited, the main operating company of the OOIL group.

Mr Fitzgerald is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of its Hong Kong Committee.

Dr Tony Lee Kar-yun*

Age 64

Operations and Innovation Director
(since 1 October 2023 and up to 30 April 2025)

Dr Lee joined the Company in 1991 and has held various management positions related to the design, construction, operations and maintenance of the Company's railway system in Hong Kong. Prior to his current position, Dr Lee was appointed as the Operations Director in January 2020. He is also the Chairman of MTR Lab Company Limited, a wholly-owned subsidiary of the Company.

Dr Lee is responsible for managing the Company's railway-related asset performance, asset management, new railway projects operations planning and development, operations safety and quality in Hong Kong as well as innovation and technological development in Hong Kong Transport Services. He also oversees the Company's Digitalisation and Innovation Department with a view to establishing an integrated technology and innovation framework across the Company.

Dr Lee is currently a Member of the Hong Kong Quality Assurance Agency Governing Council. He is also a Non-official Member of the Common Spatial Data Advisory Committee, and a Member of each of the Advisory Committee of the Department of Electrical and Electronic Engineering of The University of Hong Kong, the Technical Committee of National Rail Transit Electrification and Automation Engineering Technology Research Center (Hong Kong Branch), and the Rail Excellence Advisory Panel of Land Transport Authority in Singapore. Dr Lee is an Adjunct Professor of Beijing Jiaotong University.

Dr Lee is a Chartered Engineer and is a Member of The Hong Kong Institution of Engineers, The Institution of Engineering and Technology and The Hong Kong Institute of Directors.

Gillian Elizabeth Meller*

Age 52

Legal and Governance Director (since 22 February 2021)
Environmental & Social Responsibility Committee *(Member)*

Ms Meller joined the Company in August 2004. Prior to her current position, Ms Meller was the Legal Director & Secretary between September 2011 and June 2016, and the Legal and European Business Director between July 2016 and February 2021.

Ms Meller is responsible for overseeing the Company's legal, insurance, governance and risk management, environmental and social responsibility, and central procurement and supply chain functions. She is also responsible for leading the Company's assurance function with the aim of providing a strengthened second line of defence across key risk areas of the Company.

Before joining the Company, Ms Meller was Director of Legal Services for Metronet Rail SSL Limited in London, the United Kingdom, and a solicitor at CMS Cameron McKenna in London, the United Kingdom.

Ms Meller is a vice chairman of the Legal Committee of The Hong Kong General Chamber of Commerce, a member of the Listing Committee of The Stock Exchange of Hong Kong Limited and an independent director of Hong Kong, China Rugby.

Ms Meller is qualified to practise as a solicitor in Hong Kong and England and Wales. She is a Vice President of the Council of the international Chartered Governance Institute and a representative of its China/Hong Kong Division, a former President of The Hong Kong Chartered Governance Institute, and a Fellow of both of these institutes.

David Tang Chi-fai*

Age 60

Property and International Business Director (since 22 February 2021)

Mr Tang joined the Company in August 2004. Prior to his current position, Mr Tang was appointed as the Property Director in October 2011 and the Property and Australian Business Director in October 2020, and before that he had held various senior management positions in the then Legal and Procurement Division, the China and International Business Division, and the Property Division.

Mr Tang is responsible for all of the property development projects, asset and leasing management of investment properties (including shopping malls and offices), and property management business of the Company in Hong Kong, as well as overseeing the Company's international businesses. He is also accountable for the business results of the Hong Kong property and international businesses portfolios.

Before joining the Company, Mr Tang was Commercial Manager – Hong Kong & China Region, and Deputy General Manager – Hong Kong & China Region for Acciona, S.A. He had close to 20 years' working experience in contract administration, project management and quantity surveying in the United Kingdom and Hong Kong after starting his career as a Group Trainee of George Wimpey Plc.

Mr Tang is an adjunct professor in the Department of Real Estate and Construction at The University of Hong Kong. He is also a former co-opted member of the Public Private Partnership Projects Committee under the Board of the West Kowloon Cultural District Authority and a former non-executive director of the Urban Renewal Authority of the HKSAR Government.

Mr Tang is a Chartered Surveyor.

Sammy Wong Kwan-wai*

Age 51

Mainland China Business Director (since 1 January 2023)

Mr Wong joined the Company in 1995 as Operating Management Trainee and has since then advanced his career in the Company having taken on different positions. Prior to his current position, Mr Wong was appointed as General Manager-Shenzhen Line 4 in July 2017, Chief of Operating in January 2020 and Chief of Operating and Metro Segment in July 2021. He is currently the Chairman of Ngong Ping 360 Limited.

Mr Wong is responsible for overseeing the Company's business portfolios in Mainland China and is accountable for their business performance.

Mr Wong is currently the Vice Chair of the Asia-Pacific Committee of the International Association of Public Transport (UITP) and a member of its Asia-Pacific Urban Rail Platform Committee. He is also a member of the HKTDC Mainland Business Advisory Committee. Mr Wong is a fellow member of the China Hong Kong Railway Institution and a member of The Chartered Institute of Logistics and Transport in Hong Kong.

* *Also a director of the Company's subsidiary(ies).*

CHANGES IN INFORMATION OF DIRECTORS

Changes in information of Directors during 2024 and up to the date of this Report which are required to be disclosed pursuant to the Listing Rules are set out below:

(i) Changes in Biographical Details

Name	Change(s)	Nature and Effective Date of Change(s)
Dr Rex Auyeung Pak-kuen	The Investor and Financial Education Council under the Securities and Futures Commission of Hong Kong • Member of the Board of Directors	Cessation (18 October 2024)
	Healthcare Dispute Resolution Centre Limited • Member of the Board of Advisers	Appointment (1 January 2025)
Dr Jacob Kam Chak-pui	The Community Chest of Hong Kong • Member of the Board of Directors	Cessation (17 June 2024)
	The Hong Kong Institution of Engineers • Co-opted Council Member	Cessation (26 June 2024)
Andrew Clifford Winawer Brandler	The Hongkong and Shanghai Hotels, Limited • Deputy Chairman	Cessation (31 December 2024)
Dr Bunny Chan Chung-bun	Great Harvest Maeta Holdings Limited (formerly known as Great Harvest Maeta Group Holdings Limited) • Independent Non-executive Director	Cessation (30 August 2024)
Walter Chan Kar-lok	The Hong Kong Housing Society • Chairman • Member of the Supervisory Board	Cessation (13 September 2024) Appointment (13 September 2024)
Cheng Yan-kee	The Nina and Teddy Wang Charitable Trust • Member of the Supervisory Managing Organisation	Appointment (17 October 2024)
Sunny Lee Wai-kwong	Public Libraries Advisory Committee (Hong Kong) • Chairman	Cessation (1 May 2024)
	City University of Hong Kong • Vice-president (Administration)	Cessation (1 July 2024)
Jimmy Ng Wing-ka	The Hong Kong Polytechnic University • Council Member	Cessation (31 March 2024)
	Hong Kong Science and Technology Parks Corporation • Director	Cessation (1 July 2024)
Dr Carlson Tong	Hong Kong Exchanges and Clearing Limited • Chairman	Appointment (3 May 2024)
	Standard Chartered PLC • Independent Non-executive Director	Cessation (9 May 2024)
	World Federation of Exchanges • Director	Appointment (4 June 2024)
	The Community Chest of Hong Kong • Board Member	Appointment (17 June 2024)
	Cathay Pacific Airways Limited • Observer (on behalf of the HKSAR Government)	Cessation (31 July 2024)
	Standard Chartered Bank (Hong Kong) Limited • Independent Non-executive Director	Appointment (15 August 2024)
	National Financial Regulatory Administration • Member of the International Advisory Council	Appointment (19 October 2024)
	Hong Kong Laureate Forum Limited • Board Member	Cessation (11 November 2024)
Sandy Wong Hang-yee	Town Planning Board (Hong Kong) • Vice-chairperson of the Metro Planning Committee	Appointment (1 April 2024)
	Competition Commission (Hong Kong) • Member • Chairlady of the Enforcement Committee	Cessation (1 May 2024) Cessation (1 May 2024)
	West Kowloon Cultural District Authority (Hong Kong) • Member of the Audit Committee	Cessation (1 January 2025)

(i) Changes in Biographical Details *(continued)*

Name	Change(s)	Nature and Effective Date of Change(s)
Adrian Wong Koon-man	Independent Commission Against Corruption (Hong Kong) • Chairman of the Corruption Prevention Advisory Committee • Member of the Advisory Committee on Corruption	 Cessation (1 January 2024) Cessation (1 January 2024)
	Public Service Commission (Hong Kong) • Member	 Appointment (1 February 2024)
	Airport Authority Hong Kong • Board Member	 Cessation (1 June 2024)
	Aviation Security Company Limited • Board Member	 Cessation (1 June 2024)
	The Standing Commission on Civil Service Salaries and Conditions of Service (Hong Kong) • Chairman	 Appointment (1 January 2025)
Professor Anna Wong Wai-kwan	The Hong Kong Polytechnic University • Member of the Investment Committee	 Cessation (30 May 2024)
	The Hong Kong and China Gas Company Limited • Independent Non-executive Director	 Appointment (25 June 2024)
	Insurance Authority (Hong Kong) • Non-executive Director	 Cessation (28 December 2024)
Jeny Yeung Mei-chun	The Hong Kong Housing Authority • Non-official Member	 Appointment (1 April 2024)
	Ngong Ping 360 Limited • Chairman	 Cessation (1 October 2024)
	Advisory Committee on Enhancing Employment of People with Disabilities (Hong Kong) • Member	 Cessation (1 January 2025)
	Immigration Department Users' Committee (Hong Kong) • Non-official Member	 Cessation (1 January 2025)
Linda Choy Siu-min	Public Libraries Advisory Committee (Hong Kong) • Vice-Chairperson	 Appointment (1 May 2024)
	Radio Television Hong Kong • Member of Board of Advisors	 Cessation (1 September 2024)
	Institute of Mental Health, Castle Peak Hospital (Hong Kong) • Advisor	 Appointment (10 September 2024)
Michael George Fitzgerald	The Institute of Chartered Accountants in England & Wales • Member of the Hong Kong Committee	 Appointment (1 August 2024)
Gillian Elizabeth Meller	The Chartered Governance Institute • Vice President of the Council	 Appointment (1 July 2024)
Tony Lee Kar-yun	Beijing Jiaotong University • Adjunct Professor	 Appointment (13 January 2025)
Sammy Wong Kwan-wai	Hong Kong Trade Development Council • Member of the Mainland Business Advisory Committee	 Appointment (1 April 2024)
	Ngong Ping 360 Limited • Chairman	 Appointment (1 October 2024)
	International Association of Public Transport (UITP) • Vice Chair of the Asia-Pacific Committee	 Appointment (7 November 2024)

(ii) Changes in Directors' Remuneration

For details of the Directors' remuneration received during the year, please refer to pages 205 to 208 of the Annual Report.

KEY CORPORATE MANAGEMENT

Jacob Kam Chak-pui
Chief Executive Officer (up to 31 December 2025)

Capital Works

Carl Devlin
Capital Works Director

Scott Mackenzie
General Manager – Commercial Management (Capital Works)

Rohan Perinpanayagam
General Manager – Lantau & NT South Portfolio

Peter Leung Man-fat
General Manager – Operations Projects

Robert Stockwell
General Manager – Project Management Office

Tim Leung Chi-tim
General Manager – Railway & System Integration

Eva Kong Nai-kui
General Manager – Strategy and Business Services (Capital Works)

Victor Abbott
General Manager – Technical (Capital Works)

Kevin Man Kwoon-yin
Head of Capital Works+ (Management Office)

Neil Ng Wai-hang
Head of Construction Management

Adrian Stearn
Head of Construction Management – Lantau

Walter Lam Wai-tak
Head of Construction Management – NT South

Thomas Lau Ming-yu
Head of Field Engineering (w.e.f. 1 February 2025)

Lesly Leung Po-po
Head of Field Engineering – Lantau

Jimmy Poon Kin-keung
Head of Field Engineering – NT South (w.e.f. 1 February 2025)

Lee Ka-leung
Head of Project Delivery – Lantau

Dominic Law Tik-ko
Head of Project Delivery – NOL (Phase 1) (w.e.f. 1 February 2025)

Alan Yan Wai-ming
Head of Project Delivery – NT South

Kelvin Wong Ka-wo
Head of Railway Systems (Capital Works)

Clifford Chow Lung-hung
Head of Signalling (Capital Works)

Andrew Mead
Principal Advisor – Architecture (up to 3 February 2025)

Neil Smith
Principal Advisor – Construction (up to 31 December 2024)

Charles Lau Kam-keung
Principal Advisor – NOL (Main Line and Spur Line)

Bernard Chui Wan-tak
Principal Advisor – Programming

Michael Mellor
Principal Project Commercial Manager – Lantau and NT South

Stephen Jones
Principal Project Commercial Manager – NOL

Bruce Chang Chi-tat
Project Manager – Operations Projects – E&M

Corporate Affairs & Branding

Linda Choy Siu-min
Corporate Affairs & Branding Director

Karen Woo Kit-sum
General Manager – Branding & Communications

Kendrew Wong Ka-Chun
General Manager – Corporate Communications

Anthia Ku Nga-kuen
General Manager – Corporate Relations

Lam Chan Lam-sang
General Manager – Special Projects (up to 31 December 2024)

Corporate Strategy

Michael Chan Ting-bond
General Manager – Corporate Strategy

Digitalisation and Innovation

Leo Ng Lup-nung
Chief Digital Officer

Wan Wai-yin
Chief Information Officer

David Chan Moon-hang
General Manager – Global Innovation

Finance

Michael Fitzgerald
Finance Director

Sammy Jim Kwok-wah
General Manager – Corporate Finance

Denny Chen Chi-sing
General Manager – Financial Control

Lena Kwok Lai-kay
General Manager – Investment Control & Financial Management

William Lee
ERP Project Management Office Lead (up to 14 May 2025)

Candy Ng Chui-lok
Head of Investor Relations & Retirement Benefits (up to 9 March 2025)

Andrew Lee Kam-wing
Head of Investor Relations & Retirement Benefits (w.e.f. 10 March 2025)

David Pang Hoi-hing
Treasurer (up to 11 January 2025)

Luke Lee Guo-chun
Treasurer (w.e.f. 12 January 2025)

Global Operations Standards Institute

Terry Wong Wing-kin
General Manager – Global Operations Standards Institute (w.e.f. 1 January 2025)

Hong Kong Property & International Business

David Tang Chi-fai
Property & International Business Director

David Yam Pak-nin
General Manager – Business Development

Australia

Raymond Yuen Lap-hang
Deputy Director – Australian Business

Raymond O'Flaherty
Chief Executive Officer – Metro Trains Melbourne

Daniel Williams
Chief Executive Officer – Metro Trains Sydney

Lau Pak-wai
Project Director – Sydney Metro City Southwest (w.e.f. 1 January 2025)

Tommy Lam Choi-fung
Head of Projects Engineering – Australian Business

Hong Kong Property

Debbie Chan Yuen-ping
General Manager – Investment Property (Team 1)

Kenneth Lung Tze-ho
General Manager – Investment Property (Team 2)

Melissa Pang Mee-yuk
General Manager – Property Development

Kenny Chow Chun-ling
General Manager – Property Management

Wilfred Yeung Sze-wai
General Manager – Property Project

Sharon Liu Chung-gay
General Manager – Town Planning

Eric Yeung Ka-hong
Deputy General Manager – Property Development

Lawrence Yam Tze-yi
Deputy General Manager – Property Project

Sweden

Caroline Astrand
Chief Executive Officer – MTR Nordic

Erika Ahlqvist
Chief Executive Officer – MTR Facility Management

Anders Gustafsson
Chief Executive Officer – MTR Tech

Oliver Bratton
Chief Executive Officer – MTR Tunnelbanan

United Kingdom

Andy King
Interim CEO – MTR UK

Mike Bagshaw
Managing Director – MTR Elizabeth Line

Hong Kong Transport Services

Jeny Yeung Mei-chun
Managing Director – Hong Kong Transport Services

Tony Lee Kar-yun
Operations & Innovation Director (up to 30 April 2025)

Ben Lui Gon-yee
Chief of Airport Segment

Paul Wong Kah-ming
Chief of Cross Boundary Segment

Cheris Lee Yuen-ling
Chief of Operating & Metro Segment

Lee Kim-hung
Chief of Operations Engineering Maintenance

Chan Hing-keung
Chief of Operations Engineering Service & Innovation

Andy Lau Wai-ming
General Manager – Commercial

Aiken Tam
General Manager – Engineering Maintenance (Gateway Segment)

Frankie Ng Sze-ho
General Manager – Engineering Maintenance (Operating & Metro Segment)

Tony Luk Kin-on
General Manager – Facility Maintenance

Winson Tse Fuk-sum
General Manager – Infrastructure Maintenance

Simon Tang Siu-cheung
General Manager – Innovation & Technology (Operations)

Shirley Tse Lai
General Manager – Innovative Asset Management & Governance

Annie Leung Ching-man
General Manager – Marketing & Customer Experience

Diane Chiu Man
General Manager – Marketing & Revenue Management

Nelson Tsang Yuk-bong
General Manager – Operations Performance & Services Management

Zoe Tse Yu-yuk
General Manager – Operations Safety & Quality

Allen Ding Ka-chun
General Manager – Projects Planning & Development (Operations)

Rick Wong Hoi-wah
General Manager – PWay Asset Replacement & Operations Interfacing Works

Ivan Cheung Tai-lun
General Manager – Rolling Stock Maintenance

Vincent Lam Wang-chi
General Manager – Works Management

Gordon Lam Bik-shun
Chief Signal Engineer (Operations)

Dennis Lau Ming-cheung
Chief Signalling Design Manager

Joseph Sin Chi-man
Chief Signalling Design Manager

Chan Ho-wing
Deputy General Manager – Operations Innovation Hub

Allan Fung Lung-ting
Deputy General Manager – Operations Interfacing Works (w.e.f. 15 January 2025)

Mark Chan Tat-tai
Deputy General Manager – Projects Planning & Development (Operations)

Thomas Yick Chun-pang
Deputy General Manager – Projects Planning & Development (Operations)

Cheuk Man-Fai
Deputy General Manager – Technical & Asset Engineering

Bess Ng Suet-fa
Head of Line Group Management – EAL & IC

Thomas Hui Chun-sing
Head of Line Group Management – HSR

David Chan Chi-hung
Head of Line Group Management – TML, LR & Bus

Andy Lee Po-wing
Head of Line Group Management – Urban Lines

Gary Tat Yan
Head of Quality Assurance (Operations) (w.e.f. 3 March 2025)

Rico Wong Kong-kit
Head of Traffic Operations

Human Resources & Administration

Margaret Cheng Wai-ching
Human Resources Director

Albert Man Tat-shing
General Manager – Corporate Security

Doreen Siu Wai-man
General Manager – Human Resources

Denise Ng Kee Wing-man
General Manager – Learning & Human Resources Transformation

Duncan Chow Sai-kong
General Manager – Performance & Reward

Vinnie Chi Man-yan
General Manager – Talent Management & Organisation Development

Emily Chan Fung-ha
Deputy General Manager – Human Resources (Hong Kong Transport Services & Mainland China Business)

Internal Audit

Linda Chan
Head of Internal Audit (up to 31 March 2025)

Legal & Governance

Gillian Meller
Legal & Governance Director

Brian Downie
Deputy Director – Legal, Procurement & Supply Chain

Michael Parker
General Manager – Assurance Management

Olivia Wong Ka-ying
General Manager – Environmental & Social Responsibility

Cecilia Cheng Yuet-fong
General Manager – Governance & Company Secretarial (up to 31 December 2024)

Donald Lai Kam-lun
General Manager – Governance & Company Secretarial (w.e.f. 1 January 2025)

Alexandre Gautier
General Manager – Procurement & Supply Chain

Stephen Hamill
Chief Engineer

Patrick Chaplin
Head of Commercial Assurance

Katherine Kendall
Head of Corporate Safety & Quality

Wong Yu-yuen
Head of Legal (Mainland China & International Business)

Barbara Chang Sze-wan
Head of Legal (Operations)

Lawrence Choy Yiu-fai
Head of Legal (Property)

Robert Littlefair
Head of Programme and Portfolio Management

Mainland China Business

Sammy Wong Kwan-wai
Mainland China Business Director

Kyle Lau Ki-ming
Chief of Engineering (Beijing)

Jia Jun
General Manager – Business Development (Mainland China) & Chengdu

Nelson Ng Wai-hung
General Manager – Hangzhou

Frank Liu Zhui-ming
General Manager – Jing-Jin-Ji

Oscar Ho Ka-wa
General Manager – Mainland China Property

Herbert Leung Tai-chiu
General Manager – Projects for Shenzhen L13 (w.e.f. 1 January 2025)

Justin Man Wing-fai
General Manager – Shenzhen (w.e.f. 1 January 2025)

Jeff Chan Yue-chiu
General Manager – Special Duties (w.e.f. 1 January 2025)

Tse Che-ming
Deputy General Manager – Engineering (Hangzhou)

Kevin Kiang Yee-wing
Deputy General Manager – Operations (Beijing)

George Mui Wai-ming
Deputy General Manager – Operations (Hangzhou)

Nicholas Zhang Xiaolong
Deputy General Manager – Projects (Beijing)

MTR Academy (HK) Company Limited

Margaret Cheng Wai-ching
President of MTR Academy

MTR Lab Company Limited

Michael Chan Ting-bond
Managing Director of MTR Lab

Ngong Ping 360 Limited

James Tung Pui-chuen
Managing Director of Ngong Ping 360

REPORT OF THE MEMBERS OF THE BOARD

The Members of the Board have pleasure in submitting their Report and the audited Consolidated Financial Statements for the financial year ended 31 December 2024.

PRINCIPAL ACTIVITIES OF THE GROUP

The Group is principally engaged in the following core businesses: railway design, construction, operation, maintenance and investment in Hong Kong, Mainland China and a number of overseas cities; project management in relation to railway and property development businesses in Hong Kong and Mainland China; station commercial business including leasing of station retail space, leasing of advertising space inside trains and stations, and enabling of telecommunication services on the railway system in Hong Kong; property business including property development and investment, management and leasing management of investment properties (including shopping malls and offices) in Hong Kong and Mainland China; investment in Octopus Holdings Limited; provision of railway management, engineering and technology training; and investment in relevant new technologies.

The principal businesses of the Company's principal subsidiaries, associates and joint venture as at 31 December 2024 are set out in notes 26 and 27 to the Consolidated Financial Statements.

BUSINESS REVIEW

The Company has always been committed to providing comprehensive reviews of the Group's businesses and performance in its Annual Reports. A summary of the relevant sections in the Company's Annual Report 2024 covering the required disclosures under the Companies Ordinance is set out below for ease of reference.

Required Disclosures	Relevant Sections
(1) A fair review of the Group's businesses and a discussion and an analysis of the Group's performance during the financial year 2024	• Chairman's Letter (pages 10 to 13) • CEO's Review and Outlook (pages 14 to 17) • The Year in Review – Business Performance (pages 18 to 49) • The Year in Review – Financial Performance (pages 50 to 59)
(2) Particulars of important events affecting the Group that have occurred since the end of the financial year 2024	• Chairman's Letter (pages 10 to 13) • CEO's Review and Outlook (pages 14 to 17) • The Year in Review – Business Performance (pages 18 to 49)
(3) Description of the significant risks and uncertainties facing the Group	• CEO's Review and Outlook (pages 14 to 17) • The Year in Review – Business Performance (pages 18 to 49) • Risk Management (pages 109 to 113) • Financial Risks – note 30B to the Consolidated Financial Statements (pages 233 to 235)
(4) Outlook for the Group's businesses	• Chairman's Letter (pages 10 to 13) • CEO's Review and Outlook (pages 14 to 17) • The Year in Review – Business Performance (pages 18 to 49)
(5) Details regarding the Group's compliance with relevant laws and regulations which have a significant impact on the Group	• Corporate Governance Report (pages 72 to 105) • Sustainability Report 2024 (www.mtr.com.hk)
(6) Description of the Group's relationships with its key stakeholders	• Chairman's Letter (pages 10 to 13) • CEO's Review and Outlook (pages 14 to 17) • The Year in Review – Business Performance (pages 18 to 49) • Environmental & Social Responsibility (pages 63 to 67) • Human Resources (pages 68 to 69) • Investor Relations (pages 70 to 71) • Sustainability Report 2024 (www.mtr.com.hk)
(7) Description of the Group's environmental policies and performance	• Chairman's Letter (pages 10 to 13) • CEO's Review and Outlook (pages 14 to 17) • The Year in Review – Business Performance (pages 18 to 49) • Environmental & Social Responsibility (pages 63 to 67) • Sustainability Report 2024 (www.mtr.com.hk)

DIVIDENDS

The Board has recommended paying a final cash dividend of HK$0.89 per share in respect of the year ended 31 December 2024. Subject to the approval of the shareholders at the Company's forthcoming annual general meeting ("AGM"), the proposed 2024 final dividend is expected to be paid on 13 June 2025 to shareholders whose names appear on the Register of Members of the Company as at the close of business on 30 May 2025.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial position of the Group as at 31 December 2024 and the Group's consolidated financial performance and consolidated cash flows for the year are set out in the Consolidated Financial Statements on pages 180 to 266.

TEN-YEAR STATISTICS

A summary of the results and of the assets and liabilities of the Group together with some major operational statistics for the last ten years is set out on pages 60 to 61.

DIRECTORS

Members of the Board (including their Alternate Director(s)) and the Executive Directorate as at the date of this Report are stated below:

Members of the Board

- Dr Rex Auyeung Pak-kuen (Chairman)
- Dr Jacob Kam Chak-pui (CEO)
- Andrew Clifford Winawer Brandler
- Dr Bunny Chan Chung-bun
- Walter Chan Kar-lok
- Cheng Yan-kee
- Hui Siu-wai
- Ayesha Macpherson Lau
- Sunny Lee Wai-kwong
- Jimmy Ng Wing-ka
- Dr Carlson Tong
- Sandy Wong Hang-yee
- Adrian Wong Koon-man
- Professor Anna Wong Wai-kwan
- Christopher Hui Ching-yu
  (Secretary for Financial Services and the Treasury)

  Alternate Directors:
  - Joseph Chan Ho-lim
  - Andrew Lai Chi-wah
  - Bruno Luk Kar-kin
- Secretary for Transport and Logistics
  (Mable Chan[N1])

  Alternate Directors:
  - Under Secretary for Transport and Logistics
    (Liu Chun-san)
  - Permanent Secretary for Transport and Logistics[N2]
  - Deputy Secretary for Transport and Logistics 1
    (Amy Wong Pui-man)
  - Deputy Secretary for Transport and Logistics 2
    (Kirk Yip Hoi-ying[N3])
- Permanent Secretary for Development (Works)
  (Ricky Lau Chun-kit)

  Alternate Director:
  - Deputy Secretary for Development (Works) 3
    (Tony Ho Ying-kit)
- Commissioner for Transport
  (Angela Lee Chung-yan)

  Alternate Director:
  - Deputy Commissioner for Transport/
    Transport Services and Management
    (Candy Kwok Wai-ying[N4])

N1: Change of holder of the post from Lam Sai-hung to Mable Chan with effect from 5 December 2024.
N2: Mable Chan ceased to be the holder of the post with effect from 5 December 2024.
N3: Change of holder of the post from Ida Lee Bik-sai to Kirk Yip Hoi-ying with effect from 30 December 2024.
N4: Change of holder of the post from Macella Lee Sui-chun (ceased on 18 July 2024) to Candy Kwok Wai-ying (appointed on 29 July 2024).

DIRECTORS *(continued)*

Members of the Executive Directorate

- Dr Jacob Kam Chak-pui (CEO)
- Jeny Yeung Mei-chun (Managing Director – Hong Kong Transport Services)
- Margaret Cheng Wai-ching (Human Resources Director)
- Linda Choy Siu-min (Corporate Affairs and Branding Director)
- Carl Michael Devlin (Capital Works Director)
- Michael George Fitzgerald (Finance Director)
- Dr Tony Lee Kar-yun (Operations and Innovation Director)[N5]
- Gillian Elizabeth Meller (Legal and Governance Director)
- David Tang Chi-fai (Property and International Business Director)
- Sammy Wong Kwan-wai (Mainland China Business Director)

N5: On 19 December 2024, the Company announced that Dr Tony Lee Kar-yun will retire from the Company after 30 April 2025 upon completion of his existing service agreement with the Company. Accordingly, he will cease to be the Operations and Innovation Director and a Member of the Executive Directorate, of the Company, both with effect from 1 May 2025.

The biographies of each Member of the Board and the Executive Directorate as at the date of this Report are set out on pages 121 to 134.

In addition, a resolution for electing Ir Shen Shuk-ching (also known as Ir Susanna Shen Shuk-ching) as a new Director will be proposed at the 2025 AGM. Please refer to the Company's circular containing the Notice of the 2025 AGM sent together with this Report.

Members of the Board, Alternate Directors and Members of the Executive Directorate during the course of 2024 who have since ceased their positions with the Company are stated below:

- Herbert Hui Leung-wah (retired on 1 January 2024)
- Dr Dorothy Chan Yuen Tak-fai (retired on 22 May 2024)
- Rose Lee Wai-mun (retired on 22 May 2024)
- Macella Lee Sui-chun (ceased on 18 July 2024)^
- Cathy Chu Man-ling (ceased on 23 July 2024)
- Maurice Loo Kam-wah (ceased on 5 September 2024)
- Lam Sai-hung (ceased on 5 December 2024)^
- Mable Chan (ceased on 5 December 2024)^
- Ida Lee Bik-sai (ceased on 30 December 2024)^

^ *Please refer to Note N1 to N4 above for details relating to the change of post holder of the relevant Member of the Board and Alternate Directors.*

DIRECTORS OF SUBSIDIARY UNDERTAKINGS

The directors of the subsidiary undertakings of the Company during the year and up to the date of this Report (unless otherwise stated) are listed on page 172.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for election or re-election at the forthcoming AGM has a service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Except for, in respect of Mr Christopher Hui Ching-yu (Secretary for Financial Services and the Treasury), Secretary for Transport and Logistics (Mr Lam Sai-hung (up to 4 December 2024) and Ms Mable Chan (since 5 December 2024)), Permanent Secretary for Development (Works) (Mr Ricky Lau Chun-kit), and Commissioner for Transport (Ms Angela Lee Chung-yan) and their respective Alternate Director(s), all of whom are or were officials of Government, those connected transactions and continuing connected transactions between the Company and Government (and/or its associates) which are described on pages 147 to 170, there was no transaction, arrangement or contract of significance in relation to the Group's business, to which the Company or any of its subsidiary undertakings was a party and in which a Member of the Board, an Alternate Director or a Member of the Executive Directorate or an entity connected with him/her had a material interest (whether direct or indirect), which was entered into during the year or subsisted at any time during the year.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 December 2024, the interests or short positions of relevant Members of the Board and Members of the Executive Directorate in the shares, underlying shares and debentures of the Company (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) ("SFO")) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the HKSE pursuant to the Model Code set out in Appendix C3 of the Listing Rules (the "Model Code"), were as follows:

(i) Interests in Shares and Underlying Shares

Members of the Board/ Members of the Executive Directorate	No. of Ordinary Shares held: Personal interests*	No. of Ordinary Shares held: Family interests†	No. of award shares#: Personal interests*	Total interests	Percentage of aggregate interests to total no. of voting shares in issueΔ
Dr Jacob Kam Chak-pui	1,089,277	–	692,185	1,781,462	0.02862
Cheng Yan-kee	–	2,000 (Note 1)	–	2,000	0.00003
Adrian Wong Koon-man	–	558 (Note 1)	–	558	0.00001
Jeny Yeung Mei-chun	886,634	–	167,318	1,053,952	0.01693
Margaret Cheng Wai-Ching	333,453	–	160,902	494,355	0.00794
Linda Choy Siu-min	105,188	–	140,184	245,372	0.00394
Carl Michael Devlin	20,185	–	132,385	152,570	0.00245
Michael George Fitzgerald	30,800	1,500 (Note 1)	164,300	196,600	0.00316
Dr Tony Lee Kar-yun	246,790	–	145,400	392,190	0.00630
Gillian Elizabeth Meller	311,645	–	144,068	455,713	0.00732
David Tang Chi-fai	418,866	–	167,318	586,184	0.00942
Sammy Wong Kwan-wai	61,652	–	128,968	190,620	0.00306

(ii) Interests in Debentures

Member of the Board	Amount of debentures held: Personal interests*	Amount of debentures held: Family interests†	Total interests	Amount of debentures of same class in issue
Ayesha Macpherson Lau	CNY26,000,000 (Note 2)	–	CNY26,000,000	CNY400,000,000

Notes:

1. *As at 31 December 2024, these shares were held by the spouse of the relevant Member of the Board or Member of the Executive Directorate of the Company.*
2. *These represent the interests held by Mrs Ayesha Macpherson Lau in the 3.10% Fixed Rate Notes (non-listed) due 1 March 2025 issued by the Company.*

\# *Details of the award shares are set out in the section headed "Executive Share Incentive Scheme" on pages 142 to 145*

* *Interests as beneficial owner*

† *Interests of spouse or child under 18 as beneficial owner*

Δ *The Company's total number of voting shares in issue as at 31 December 2024 was 6,224,823,171*

Save as disclosed above and in the section headed "Executive Share Incentive Scheme":

A as at 31 December 2024, no Member of the Board or Alternate Director or Member of the Executive Directorate of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO); and

B during the year ended 31 December 2024, no Member of the Board or Alternate Director or Member of the Executive Directorate of the Company nor any of their spouses or children under 18 years of age held any rights to subscribe for equity or debt securities of the Company nor had there been any exercises of any such rights by any of them,

as recorded in the register kept by the Company under section 352 of the SFO or otherwise notified to the Company and the HKSE pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

Set out below is the name of the party which was interested in 5% or more of all the Company's voting shares in issue and the number of shares in which it was interested as at 31 December 2024 as recorded in the register kept by the Company under section 336 of the SFO:

Name	No. of Ordinary Shares held	Percentage of Ordinary Shares to total no. of voting shares in issue[Δ]
The Financial Secretary Incorporated ("FSI") (in trust on behalf of Government)	4,634,173,932	74.45%

Δ *The Company's total number of voting shares in issue as at 31 December 2024 was 6,224,823,171*

The Company has been informed by the Hong Kong Monetary Authority that, as at 31 December 2024, approximately 0.14% of the Ordinary Shares in issue (not included in the FSI shareholding set out in the above table) were held for the account of the Exchange Fund. The Exchange Fund is a fund established under the Exchange Fund Ordinance (Cap. 66 of the Laws of Hong Kong) under the control of the Financial Secretary.

OTHER PERSONS' INTERESTS

Pursuant to section 337 of the SFO, the Company has maintained a register recording the shareholding information provided by persons in response to the Company's requests pursuant to section 329 of the SFO.

Save as disclosed above and in the sections headed "Directors' Interests in Shares, Underlying Shares and Debentures of the Company" and "Substantial Shareholders' Interests", as at 31 December 2024, the Company has not been notified of any other persons who had any interests or short positions in the shares, underlying shares or debentures of the Company which would be required to be recorded in the register kept by the Company pursuant to section 336 of the SFO.

EQUITY-LINKED AGREEMENT

No equity-linked agreement was entered into by the Company during the year ended 31 December 2024 or subsisted at the end of the year.

EXECUTIVE SHARE INCENTIVE SCHEME

The Company adopted the Executive Share Incentive Scheme with effect from 1 January 2015 ("Effective Date"), for an original term up to 31 December 2024. The Board has approved the renewal of the Executive Share Incentive Scheme for a further 10 years and so it will remain in force until 31 December 2034. Details of the renewal of the Executive Share Incentive Scheme were disclosed in the Company's announcement (page 23 of English version) dated 6 March 2025.

The purposes of the Executive Share Incentive Scheme are to retain management and key employees, to align participants' interests with the long-term success of the Company and to drive the achievement of the strategic objectives of the Company. Under the terms of the Executive Share Incentive Scheme, the participants can be any employees and any directors of the Company or any of its subsidiaries (excluding non-executive members of the Board but including Members of the Executive Directorate).

The maximum number of award shares that may at any time be the subject of an outstanding award granted under the Executive Share Incentive Scheme shall not exceed 2.5% (i.e. 145,663,358 Ordinary Shares) of the number of issued Ordinary Shares as at the Effective Date (i.e. 5,826,534,347 Ordinary Shares) and the maximum number of award shares that may be granted to a single eligible employee in the 12-month period up to the relevant award date shall be 0.03% of the number of issued Ordinary Shares on the relevant award date.

The number of award shares that are the subject of outstanding awards granted under the Executive Share Incentive Scheme is 34,629,301 Ordinary Shares up to the date of this Report. Therefore, the total number of award shares available under the Executive Share Incentive Scheme that may be granted is 111,034,057 Ordinary Shares, representing approximately 1.78% of the Company's total number of issued shares as at the date of this Report.

EXECUTIVE SHARE INCENTIVE SCHEME *(continued)*

Pursuant to the terms of the Executive Share Incentive Scheme, each grantee undertakes to pay HK$1.00, on demand, to the Company, in consideration for the grant of the award shares. Save for the above, the grantee is not required to pay any price for the shares purchased by the Trustee from the open market pursuant to the terms of the Executive Share Incentive Scheme. Any offers of award shares made under the Executive Share Incentive Scheme will specify the date by which the offer of the award shares must be accepted (being a date no more than 30 days (inclusive) from the date on which the offer is made).

Movements in award shares under the Executive Share Incentive Scheme during the year ended 31 December 2024 are set out below:

Members of the Executive Directorate and eligible employees	Date of award	Types of award shares granted (Note 1) Restricted shares (Note 2)	Types of award shares granted (Note 1) Performance shares (Note 3)	Award shares outstanding as at 1 January 2024	Award shares vested during the year	Award shares lapsed and/or forfeited during the year	Award shares outstanding as at 31 December 2024	Weighted average closing price of shares immediately before the date(s) on which the award shares were vested (HK$)
Dr Jacob Kam Chak-pui	8/4/2021	52,750	199,800	217,384	217,384	–	–	25.43
	1/4/2022	132,000	–	132,000	–	–	132,000	–
	8/4/2022	133,700	–	89,134	44,566	–	44,568	25.80
	11/4/2023	54,700	–	54,700	18,233	–	36,467	26.00
	18/3/2024 (Notes 6 & 9)	–	68,990	–	68,990	–	–	25.40
	8/4/2024 (Notes 6 & 10)	87,100	392,050	–	–	–	479,150	–
Jeny Yeung Mei-chun	8/4/2021	17,200	47,850	53,584	53,584	–	–	25.44
	8/4/2022	46,000	–	30,667	15,333	–	15,334	25.80
	11/4/2023	25,100	–	25,100	8,366	–	16,734	26.00
	18/3/2024 (Notes 6 & 9)	–	16,522	–	16,522	–	–	25.40
	8/4/2024 (Notes 6 & 10)	41,700	93,550	–	–	–	135,250	–
Margaret Cheng Wai-ching	8/4/2021	17,450	47,850	53,668	53,668	–	–	25.44
	8/4/2022	39,500	–	26,334	13,166	–	13,168	25.80
	11/4/2023	23,300	–	23,300	7,766	–	15,534	26.00
	18/3/2024 (Notes 6 & 9)	–	16,522	–	16,522	–	–	25.40
	8/4/2024 (Notes 6 & 10)	38,650	93,550	–	–	–	132,200	–
Linda Choy Siu-min	8/4/2021	13,500	47,850	52,350	52,350	–	–	25.43
	8/4/2022	32,200	–	21,467	10,733	–	10,734	25.80
	11/4/2023	17,550	–	17,550	5,850	–	11,700	26.00
	18/3/2024 (Notes 6 & 9)	–	16,522	–	16,522	–	–	25.40
	8/4/2024 (Notes 6 & 10)	24,200	93,550	–	–	–	117,750	–
Carl Michael Devlin	8/4/2022	7,700	7,300	12,434	9,866	–	2,568	25.50
	11/4/2023	15,700	–	15,700	5,233	–	10,467	26.00
	18/3/2024 (Notes 6 & 9)	–	2,520	–	2,520	–	–	25.40
	8/4/2024 (Notes 6 & 10)	25,800	93,550	–	–	–	119,350	–
Michael George Fitzgerald (Note 4)	25/9/2023	60,900	–	60,900	20,300	–	40,600	27.35
	8/4/2024 (Notes 6 & 10)	30,150	93,550	–	–	–	123,700	–

EXECUTIVE SHARE INCENTIVE SCHEME *(continued)*

Members of the Executive Directorate and eligible employees	Date of award	Types of award shares granted (Note 1) Restricted shares (Note 2)	Types of award shares granted (Note 1) Performance shares (Note 3)	Award shares outstanding as at 1 January 2024	Award shares vested during the year	Award shares lapsed and/or forfeited during the year	Award shares outstanding as at 31 December 2024	Weighted average closing price of shares immediately before the date(s) on which the award shares were vested (HK$)
Dr Tony Lee Kar-yun	8/4/2021	13,550	47,850	52,368	52,368	–	–	25.43
	8/4/2022	34,050	–	22,700	11,350	–	11,350	25.80
	11/4/2023	14,850	–	14,850	4,950	–	9,900	26.00
	18/3/2024 (Notes 6 & 9)	–	16,522	–	16,522	–	–	25.40
	8/4/2024 (Notes 6 & 10)	30,600	93,550	–	–	–	124,150	–
Gillian Elizabeth Meller	8/4/2021	14,250	47,850	52,600	52,600	–	–	25.44
	8/4/2022	34,600	–	23,067	11,533	–	11,534	25.80
	11/4/2023	19,550	–	19,550	6,516	–	13,034	26.00
	18/3/2024 (Notes 6 & 9)	–	16,522	–	16,522	–	–	25.40
	8/4/2024 (Notes 6 & 10)	25,950	93,550	–	–	–	119,500	–
David Tang Chi-fai	8/4/2021	17,200	47,850	53,584	53,584	–	–	25.44
	8/4/2022	46,000	–	30,667	15,333	–	15,334	25.80
	11/4/2023	25,100	–	25,100	8,366	–	16,734	26.00
	18/3/2024 (Notes 6 & 9)	–	16,522	–	16,522	–	–	25.40
	8/4/2024 (Notes 6 & 10)	41,700	93,550	–	–	–	135,250	–
Sammy Wong Kwan-wai	8/4/2021	7,350	10,100	12,550	12,550	–	–	25.48
	8/4/2022	8,050	–	5,367	2,683	–	2,684	25.80
	11/4/2023	16,400	–	16,400	5,466	–	10,934	26.00
	18/3/2024 (Notes 6 & 9)	–	3,487	–	3,487	–	–	25.40
	8/4/2024 (Notes 6 & 10)	21,800	93,550	–	–	–	115,350	–
Five highest paid individuals (Note 8)	8/4/2021	104,600	343,350	378,220	378,220	–	–	25.44
	1/4/2022	132,000	–	132,000	–	–	132,000	–
	8/4/2022	265,200	–	176,802	88,398	–	88,404	25.80
	11/4/2023	128,200	–	128,200	42,731	–	85,469	26.00
	25/9/2023	60,900	–	60,900	20,300	–	40,600	27.35
	18/3/2024 (Notes 6 & 9)	–	118,556	–	118,556	–	–	25.40
	8/4/2024 (Note 6 & 10)	239,300	766,250	–	–	–	1,005,550	–
Other eligible employees (Note 5)	8/4/2021	1,802,700	1,061,050	1,375,758	1,324,290	51,468	–	25.53
	8/4/2022	2,125,450	233,400	1,358,031	813,374	18,873	525,784	25.76
	11/4/2023	2,349,300	42,850	2,277,600	873,121	69,707	1,334,772	26.02
	18/3/2024 (Notes 6 & 9)	–	318,694	–	318,694	–	–	25.40
	8/4/2024 (Notes 6 & 10)	3,731,850	1,987,000	–	101,500	65,300	5,552,050	26.93

Notes:

1. *The award shares granted under the Executive Share Incentive Scheme are issued Ordinary Shares.*
2. *Restricted shares are awarded to selective eligible employees and vest over three years in equal tranches (unless otherwise determined by the Remuneration Committee ("RC") of the Company).*
3. *Performance shares are awarded to selective eligible employees and generally vest at the end of a three-year performance cycle, subject to review and approval by the RC from time to time.*
4. *Mr Michael George Fitzgerald was appointed as the Finance Director and became a Member of the Executive Directorate of the Company, both with effect from 1 January 2024.*
5. *Other eligible employees also include former employees of the Company.*
6. *The closing price of the Ordinary Shares immediately before the date on which the award shares were granted on 18 March 2024 and 8 April 2024 was HK$25.40 and HK$25.25 respectively.*
7. *No award shares were cancelled during the year.*
8. *With respect to the five highest paid individuals for the financial year, all five of them were Members of the Executive Directorate of the Company and details of the movements in their awarded shares under the Executive Share Incentive Scheme during the year ended 31 December 2024 are also shown in the table above.*
9. *Following a review of the results of the 2021 – 2023 performance cycle by the RC, additional performance shares were awarded to eligible employees under the Executive Share Incentive Scheme on 18 March 2024.*
10. *On 8 April 2024, performance shares for the next three years performance cycle were awarded to eligible employees with a new set of performance criteria approved by the RC and the Board.*
11. *Further details on the operation of the Executive Share Incentive Scheme including, but not limited to, the performance targets, the fair value of the share awards at the date of grant and the accounting standard and policy adopted are set out in the section headed "Long-Term Incentives" under the Remuneration Committee Report (pages 118 to 119) and notes 2U(iii), 11B and 44 to the Consolidated Financial Statements in this Report.*

SHARES ISSUED

	No. of Ordinary Shares issued	Value (HK$)
As at 1 January 2024	6,217,197,282	N/A
Scrip shares issued in respect of 2023 final dividend	7,625,889	202 million
As at 31 December 2024	6,224,823,171	N/A

Details of the movements in the share capital of the Company during the year are set out in note 41 to the Consolidated Financial Statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company redeemed its RMB1 billion, RMB250 million and RMB250 million bonds at par on 24 March 2024, 25 March 2024 and 6 September 2024 respectively. The bonds were listed on the HKSE prior to their redemption. Save as disclosed above, the Group did not purchase, sell or redeem any of the Group's listed securities during the year ended 31 December 2024. However, the Trustee of the Executive Share Incentive Scheme, pursuant to the terms of the rules and the trust deed of the Executive Share Incentive Scheme, purchased on the HKSE a total of 7,454,157 Ordinary Shares for a total consideration of approximately HK$207 million during the year ended 31 December 2024.

PUBLIC FLOAT

The HKSE granted to the Company, at the time of its listing on the Main Board of the HKSE in 2000, a waiver from strict compliance with Rule 8.08(1) of the Listing Rules ("Public Float Waiver"). Pursuant to the Public Float Waiver, the Company's prescribed minimum percentage of shares which must be in the hands of the public must not be less than 10% of the total number of issued shares of the Company. Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed amount of public float during the year and up to the date of this Report as required by the Public Float Waiver.

MAJOR SUPPLIERS AND CUSTOMERS

Information in respect of the Group's major suppliers and major customers for the year ended 31 December 2024 is as follows:

	As a percentage of the Group's total purchases
Total value of purchases (not of a capital nature) attributable to the Group's five largest suppliers	17.02%

	As a percentage of the Group's total revenue
Total revenue attributable to the Group's five largest customers	35.62 %
Total revenue attributable to the Group's largest customer	18.88 %

KCRC, being one of the Group's five largest customers, is a statutory public corporation wholly owned by Government. As at 31 December 2024, Government, through the FSI, the substantial shareholder of the Company, held approximately 74.45% of all the Company's voting shares in issue (see the section headed "Substantial Shareholders' Interests" above for further details).

As at 31 December 2024, the Non-executive Directors of the Company (excluding Dr Rex Auyeung Pak-kuen and all the Independent Non-executive Directors) and their Alternate Directors, whose names are listed on page 139, were officials of Government.

Save as disclosed above, as at 31 December 2024, no other Member of the Board, Alternate Director or Member of the Executive Directorate or any of their respective close associates or any other shareholder (which, to the knowledge of the Members of the Board, Alternate Directors or Members of the Executive Directorate, owned more than 5% of all the Company's voting shares in issue), had any beneficial interests in the Group's five largest customers.

DONATIONS

During the year, the Group donated and sponsored approximately HK$17.3 million to charitable and other organisations.

LOANS AND OTHER OBLIGATIONS

The total loans and other obligations of the Group as at 31 December 2024 amounted to HK$77,568 million, details of which are set out in note 35 to the Consolidated Financial Statements.

BONDS AND NOTES ISSUED

The Group issued notes with total face value amounting to HK$23,486 million equivalent during the year ended 31 December 2024, details of which are set out in note 35C to the Consolidated Financial Statements. Such notes were issued in order to meet the Group's general corporate funding requirements, including financing of capital expenditure and refinancing of debts.

PROPERTIES

Particulars of the principal investment properties and properties held for sale of the Company are shown on pages 33 to 34.

CONNECTED TRANSACTION

During the year under review, the transaction described below was entered into with Government (which is a substantial shareholder of the Company as defined in the Listing Rules). Government is therefore a "connected person" of the Company for the purposes of the Listing Rules and the transaction described below is a connected transaction for the Company under the Listing Rules.

As disclosed in the announcement of the Company dated 13 January 2005, the Stock Exchange has granted a waiver to the Company from strict compliance with the requirements of Chapter 14A of the Listing Rules which would otherwise apply to connected transactions and continuing connected transactions between the Company and Government, subject to certain conditions (the "Waiver").

Consequently, the Company makes the disclosures below in accordance with Rule 14A.71 of the Listing Rules and in accordance with the conditions of the Waiver.

Land Agreement

On 3 January 2025, the Company accepted an offer dated 22 November 2024 from Government to proceed with the proposed Tung Chung East Station Package One Property Development at Site B of Tung Chung Town Lot No. 53 on the terms and conditions of the relevant land grant. The land premium is assessed at HK$337,299,000. After deduction therefrom of the reduction amount pursuant to the project agreement in respect of the Tung Chung Line Extension, nil net land premium is payable by the Company.

CONTINUING CONNECTED TRANSACTIONS

During the year under review, the following transactions and arrangements described below involved the provision of goods or services carried out on an ongoing or recurring basis and are expected to extend over a period of time between the Company and Government and/or KCRC, and between the Company and the Airport Authority (the "AA").

As noted above under the section headed "Connected Transaction", Government is a substantial shareholder of the Company for the purposes of the Listing Rules. KCRC and the AA are both associates of Government and they are also connected persons of the Company as defined in the Listing Rules.

Therefore, each of Government, KCRC and the AA is a "connected person" of the Company for the purposes of the Listing Rules and, during 2024, each transaction set out at sections I, II, III and IV below constituted a continuing connected transaction for the Company under the Listing Rules.

Following the Guidance Letter GL 73-14 issued by the Stock Exchange and considering the Stock Exchange's recommendation, the Company's Internal Audit Department ("IAD") has reviewed the Company's continuing connected transactions set out below and the related internal control procedures. IAD found that the internal control procedures put in place by the Company were adequate and effective and reported the same to the Audit & Risk Committee of the Company to assist the Company's Independent Non-executive Directors in their annual review and confirmation required to be given under the Merger-related Waiver (as defined below), the Waiver and the Listing Rules (as appropriate).

I Merger-related Continuing Connected Transactions

Each of the transactions listed in paragraphs A to C below of this section (together, the "Merger-related Continuing Connected Transactions") and which formed part of the Rail Merger, was approved by the independent shareholders of the Company at an Extraordinary General Meeting held on 9 October 2007. These paragraphs should be read in conjunction with the paragraphs contained in the section headed "Additional Information in respect of the Rail Merger".

As disclosed in the circular issued by the Company on 3 September 2007 in connection with the Rail Merger, the Stock Exchange granted a waiver to the Company from strict compliance with the requirements under Chapter 14A of the Listing Rules which would otherwise apply to continuing connected transactions between the Company, Government and/or KCRC arising as a result of the Rail Merger, subject to certain conditions (the "Merger-related Waiver").

A Merger Framework Agreement

The Merger Framework Agreement was entered into on 9 August 2007 between the Company, KCRC and the then Secretary for Transport and Housing and the Secretary for Financial Services and the Treasury for and on behalf of Government.

The Merger Framework Agreement contains provisions for the overall structure and certain specific aspects of the Rail Merger, including in relation to:

- a seamless interchange programme;
- corporate governance of the Company Post-Rail Merger;
- payments relating to property enabling works;
- arrangements relating to the establishment of a rolling programme on the level of flat production arising from tenders for railway property development;
- arrangements in relation to the assessment of land premium amounts;
- arrangements in relation to the employees of the Company and KCRC, including provisions preventing the Company from terminating the employment of relevant frontline staff for any reason that relates to the process of integrating the operations of the Company and KCRC;
- the implementation of certain fare reductions;
- arrangements in relation to the proposed Shatin to Central Link;
- KCRC's continuing responsibility for its existing financial arrangements;
- treatment of KCRC's cross border leases;
- the payment of HK$7.79 billion in respect of the Property Package Agreements (as described in paragraph C on pages 148 to 149 and in paragraph F in the section headed "Additional Information in respect of the Rail Merger" below);
- the allocation of liability for any Pre-Rail Merger and Post-Rail Merger claims by third parties; and
- the Company's retention of its English name and (pursuant to the Rail Merger Ordinance) the change of its Chinese name to "香港鐵路有限公司".

B West Rail Agency Agreement

The West Rail Agency Agreement and related agreements were entered into on 9 August 2007 between the Company, KCRC and certain KCRC subsidiary companies (the "West Rail Subsidiaries"). Pursuant to the terms of the West Rail Agency Agreement, the Company was appointed:

- to act as KCRC's agent, and donee under powers of attorney, to exercise certain rights and perform certain obligations relating to specified development sites along West Rail; and
- to act as agent for, and donee under powers of attorney from, each of the West Rail Subsidiaries to exercise certain rights and perform certain obligations relating to specified development sites along West Rail.

The Company will receive an agency fee of 0.75% of the gross sale proceeds in respect of the unawarded West Rail development sites and 10% of the net profits accrued to the West Rail Subsidiaries under the development agreements in respect of the awarded West Rail development sites. The Company will also recover from the West Rail Subsidiaries its costs (including internal costs) incurred in respect of the West Rail development sites plus 16.5% on-cost, together with interest accrued thereon.

C Property Package Agreements

Category 3 Properties

On 9 August 2007, the Company entered into three agreements (the "Category 3 Agreements") and related powers of attorney with KCRC. Each Category 3 Agreement relates to a certain property (each a "Category 3 Property").

KCRC has previously entered into a development agreement in respect of each Category 3 Property. None of the rights and obligations granted to or undertaken by the Company under the Category 3 Agreements may be exercised or performed by the Company if they relate exclusively to the concession property situated on any Category 3 Property. Matters affecting the concession property situated on any Category 3 Property are dealt with under the terms of the Service Concession Agreement (as defined and summarised on pages 167 to 168).

Pursuant to the terms of each Category 3 Agreement, the Company has been appointed to act as KCRC's agent, and donee under powers of attorney, to exercise rights and to perform obligations of KCRC which relate to the Category 3 Property (but excluding the right or obligation to dispose of the relevant Category 3 Property).

The Company is required at all times to comply with statutory restrictions and obligations binding on KCRC which relate to the Category 3 Properties, and shall pay all amounts due and payable from KCRC which have been incurred by KCRC as a result of the Company's actions.

In acting as KCRC's agent, the Company is required to act according to prudent commercial principles, and aim to maximise gross profits under the Category 3 Properties and to run a safe and efficient railway. In order to assist the Company in performing its agency functions, KCRC has granted powers of attorney to the Company. The Company may only use the powers of attorney to exercise rights and perform obligations conferred or undertaken by it under the relevant Category 3 Agreement. As well as acting as KCRC's agent, the Company has the right to give KCRC instructions in respect of any action or matter relating to each Category 3 Property (including its related development agreement) which the Company is unable to take by reason of the limitation of the scope of its agency powers. KCRC is required to comply promptly with those instructions provided that it is permitted under law, and under the relevant Government grant, to carry out those instructions.

KCRC is required to account for revenue received in respect of a Category 3 Property by way of balance sheet movement (rather under its profit and loss account), provided that such treatment is permitted under law and accounting principles and practices.

KCRC shall not take any action in respect of a Category 3 Property which is not carried out by the Company (acting as KCRC's agent), or according to the Company's instructions, or otherwise in accordance with the terms of the Category 3 Agreement.

As consideration for acting as KCRC's agent, the Company shall be paid a fee which is expected to be similar in quantum to the profits made by KCRC in respect of the relevant Category 3 Property (after deducting certain initial and upfront payments and consultant contribution costs, in each case paid or to be paid by the relevant developer to KCRC). Generally, the Company's fee shall be payable in instalments promptly following receipt of relevant funds by KCRC (but subject to specified deductions of amounts due from KCRC to the relevant Category 3 Property developer).

The Company has agreed to give certain indemnities to KCRC in respect of each Category 3 Property.

The Company shall be the first manager, or shall ensure that a manager is appointed in respect of, each Category 3 Property (once developed).

The Company's appointment as agent shall terminate when KCRC ceases to have any undivided share in the relevant Category 3 Property, other than concession property, and neither KCRC nor the developer nor the guarantors have any further rights to exercise, or obligations to perform, under the development agreement relating to the relevant Category 3 Property.

II Non Merger-related Continuing Connected Transactions

The following disclosures, in paragraphs A1 to D below of this section together with the Third XRL Agreement (as defined below) (together, the "Non Merger-related Continuing Connected Transactions"), are made in accordance with the conditions of the Waiver and Rule 14A.71 of the Listing Rules.

A1 Entrustment Agreement for Design and Site Investigation in relation to the Shatin to Central Link

The Entrustment Agreement for Design and Site Investigation in relation to the Shatin to Central Link (the "First SCL Agreement") was entered into on 24 November 2008 between the Company and the then Secretary for Transport and Housing for and on behalf of Government.

The First SCL Agreement contains provisions for the design of and site investigation and procurement activities in relation to the proposed Shatin to Central Link, including in relation to:

- Government's obligation to pay the Company up to a maximum aggregate amount of HK$1,500 million in respect of certain costs incurred by the Company pursuant to the First SCL Agreement, including the Company's in-house design costs and certain on-costs and preliminary costs;
- Government's obligation to bear and finance the total cost of the design and site investigation activities under the First SCL Agreement (subject to the limit noted above in respect of payments to the Company) and arrangements for the payment of these costs directly by Government;
- the Company's obligation to carry out or procure the carrying out of the design and site investigation activities in relation to the proposed Shatin to Central Link;
- the limitation of the Company's liability to Government under the First SCL Agreement, except in respect of death or personal injury caused by the negligence of the Company, to HK$600 million; and
- should the railway scheme for the Shatin to Central Link be authorised under the Railways Ordinance (Cap. 519 of the Laws of Hong Kong), the execution of a further agreement by Government and the Company setting out each of their rights, obligations, duties and powers with respect to the financing, construction, completion, testing, commissioning and putting into service the works necessary for the construction and operation of the Shatin to Central Link.

A2 Entrustment Agreement for Advance Works relating to the Shatin to Central Link

The Entrustment Agreement for Advance Works relating to the Shatin to Central Link (the "Second SCL Agreement") was entered into on 17 May 2011 between the Company and the then Secretary for Transport and Housing for and on behalf of Government.

The Second SCL Agreement contains the following provisions:

- in consideration of the Company executing or procuring the execution of certain entrustment activities as set out in the Second SCL Agreement and carrying out its other obligations under the Second SCL Agreement, Government shall pay to the Company the Company's project management cost. The amount of such project management cost is to be agreed between the Company and Government and prior to such agreement, the project management cost shall be paid by Government to the Company on a provisional basis calculated in accordance with the Second SCL Agreement;
- the Company and Government may agree that the Company will carry out (or procure the carrying out of) certain additional works for Government (such agreed additional works being "miscellaneous works"). Miscellaneous works (if any) are to be carried out by the Company in the same manner as if they had formed part of the activities specified to be carried out under the Second SCL Agreement and in consideration of the Company executing or procuring the execution of such miscellaneous works (if any) and carrying out its other obligations under the Second SCL Agreement in relation to such miscellaneous works (if any), Government shall pay to the Company an amount to be agreed between the Company and Government as being the project management fee payable to the Company for designing and constructing such miscellaneous works;
- Government shall bear all of the "Works Cost" (as defined in the Second SCL Agreement). In this connection, Government will make payments to the Company in respect of the Works Cost on a provisional basis, subject to adjustments when the final outturn cost of the Works Cost is determined;

- Government shall bear land acquisition, clearance and related costs and those costs which are incurred by the Lands Department in connection with the Shatin to Central Link project;
- the maximum aggregate amount payable by Government to the Company under the Second SCL Agreement is limited to approximately HK$3,000 million per annum and a total in aggregate of approximately HK$15,000 million;
- the Company shall carry out or procure the carrying out of certain enabling works on the expanded Admiralty Station and the to be constructed Ho Man Tin Station, the reprovisioning of the International Mail Centre from Hung Hom to Kowloon Bay and other works as described under the Second SCL Agreement;
- the Company's total liability to Government under the First SCL Agreement and the Second SCL Agreement, except in respect of death or personal injury caused by the negligence of the Company, is limited to the aggregate fees that have been and will be received by the Company from Government under the First SCL Agreement and the Second SCL Agreement;
- the Company will provide to Government by the end of each calendar month, a progress report on the activities under the Second SCL Agreement that were carried out in the immediately preceding calendar month and, within three months following the completion of the relevant works, a final report on the activities required to be carried out under the Second SCL Agreement;
- the Company shall be responsible for the care of all works constructed under the Shatin to Central Link project from the commencement of construction until the date of handover of those works to Government and for completing or procuring the completion of any outstanding works and/or defective works identified prior to the handover of the works;
- during the period of twelve years following the issue of a certificate of completion by the Company in respect of work carried out under any contract with any third party, the Company shall be responsible for the repair of any defects in such work that are identified following the expiry of any defects liability period under the relevant contract;
- the Company warrants that:
  - in the case of those activities under the Second SCL Agreement that relate to the provision of project management services, such activities shall be carried out with the skill and care reasonably to be expected of a professional and competent project manager;
  - in the case of those activities under the Second SCL Agreement that relate to the provision of design services, such activities shall be carried out with the skill and care reasonably to be expected of a professional and competent design engineer; and
  - in the case of those activities under the Second SCL Agreement that relate to the carrying out of construction activities, such activities shall be carried out with the skill and care reasonably to be expected of, and by utilising such plant, goods and materials reasonably to be expected from, a competent and workmanlike construction contractor; and
- Government further undertakes to use reasonable endeavours to provide the Company with assistance of a non-financial nature, including taking all reasonable steps to procure that all necessary licences and consents, required in connection with the design, construction and operation of the Shatin to Central Link are given or granted.

A3 Entrustment Agreement for Construction and Commissioning of the Shatin to Central Link

The Entrustment Agreement for Construction and Commissioning of the Shatin to Central Link (the "Third SCL Agreement") was entered into on 29 May 2012 between the Company and the then Secretary for Transport and Housing for and on behalf of Government.

The Third SCL Agreement contains the following provisions:

- in consideration of the Company executing or procuring the execution of certain entrustment activities as set out in the Third SCL Agreement and carrying out its other obligations under the First SCL Agreement and the Second SCL Agreement, Government shall pay to the Company the Company's project management cost. The amount of the project management cost is HK$7,893 million and will be paid by Government to the Company on a quarterly basis;
- the Company and Government may agree that the Company will carry out (or procure the carrying out of) certain additional works for Government (such agreed additional works being "miscellaneous works"). Miscellaneous works (if any) are to be carried out by the Company in the same manner as if they had formed part of the activities specified to be carried out under the Third SCL Agreement and in consideration of the Company executing or procuring the execution of such miscellaneous works (if any) and carrying out its other obligations under the Third SCL Agreement in relation to such miscellaneous works (if any), Government shall pay to the Company an amount to be agreed between the Company and Government as being the project management fee payable to the Company for designing and constructing such miscellaneous works;
- Government shall bear certain "Third Party Costs", any "Interface Works Costs" and any "Direct Costs" (each as defined in the Third SCL Agreement);
- Government shall bear land acquisition, clearance and related costs and those costs which are incurred by the Lands Department in connection with the Shatin to Central Link project;
- the maximum aggregate amount payable by Government to the Company under the Third SCL Agreement is limited to HK$3,000 million per annum and a total in aggregate of HK$15,000 million;
- the maximum aggregate amount payable by the Company to Government under the Third SCL Agreement in relation to its contribution to certain railway works under the Third SCL Agreement is limited to HK$4,000 million per annum and a total in aggregate of HK$15,000 million;
- the Company's total liability to Government under the First SCL Agreement, the Second SCL Agreement and the Third SCL Agreement, except in respect of death or personal injury caused by the negligence of the Company, is limited to the aggregate fees that have been and will be received by the Company from Government under the First SCL Agreement, the Second SCL Agreement and the Third SCL Agreement;
- the Company will provide to Government by the end of each calendar month, a progress report on the activities under the Third SCL Agreement that were carried out in the immediately preceding calendar month and, within three months following the handover of the Shatin to Central Link project to Government, a final report on the activities required to be carried out under the Third SCL Agreement;
- the Company shall be responsible for the care of all works constructed under the Shatin to Central Link project from the commencement of construction until the date of handover of those works to Government and for completing or procuring the completion of any outstanding works and/or defective works identified prior to the handover of the works;

- during the period of twelve years following the issue of a certificate of completion by the Company in respect of work carried out under any contract with any third party, the Company shall be responsible for the repair of any defects in such work that are identified following the expiry of any defects liability period under the relevant contract;
- the Company warrants that:
  - in the case of those activities under the Third SCL Agreement that relate to the provision of project management services, such activities shall be carried out with the skill and care reasonably to be expected of a professional and competent project manager;
  - in the case of those activities under the Third SCL Agreement that relate to the provision of design services, such activities shall be carried out with the skill and care reasonably to be expected of a professional and competent design engineer; and
  - in the case of those activities under the Third SCL Agreement that relate to the carrying out of construction activities, such activities shall be carried out with the skill and care reasonably to be expected of, and by utilising such plant, goods and materials reasonably to be expected from, a competent and workmanlike construction contractor; and
- Government further undertakes to use reasonable endeavours to provide the Company with assistance of a non-financial nature, including taking all reasonable steps to procure that all necessary licences and consents, required in connection with the design, construction and operation of the Shatin to Central Link are given or granted.

B1 Entrustment Agreement for Design and Site Investigation in relation to the Express Rail Link

The Entrustment Agreement for Design and Site Investigation in relation to the Express Rail Link (the "First XRL Agreement") was entered into on 24 November 2008 between the Company and the then Secretary for Transport and Housing for and on behalf of Government.

The First XRL Agreement contains provisions for the design of and site investigation and procurement activities in relation to the proposed Express Rail Link, including in relation to:

- Government's obligation to pay the Company, up to a maximum aggregate amount of HK$1,500 million, in respect of certain costs incurred by the Company pursuant to the First XRL Agreement, including the Company's in-house design costs and certain on-costs, preliminary costs and recruited staff costs;
- Government's obligation to bear and finance the total cost of the design and site investigation activities under the First XRL Agreement (subject to the limit noted above in respect of payments to the Company) and arrangements for the payment of these costs directly by Government;
- the Company's obligation to carry out or procure the carrying out of the design and site investigation activities in relation to the proposed Express Rail Link;
- the limitation of the Company's liability to Government under the First XRL Agreement, except in respect of death or personal injury caused by the negligence of the Company, to HK$700 million; and
- should the railway scheme for the Express Rail Link be authorised under the Railways Ordinance (Cap. 519 of the Laws of Hong Kong), the execution of a further agreement by Government and the Company setting out each of their rights, obligations, duties and powers with respect to the financing, construction, completion, testing, commissioning and putting into service the works necessary for the construction and operation of the Express Rail Link.

B2 Entrustment Agreement for Construction, Testing and Commissioning of the Express Rail Link

The Entrustment Agreement for the Construction and Commissioning of the Express Rail Link was entered into on 26 January 2010 between the Company and the then Secretary for Transport and Housing for and on behalf of Government (the "Second XRL Agreement").

The scheme in respect of the Express Rail Link was first gazetted under the Railways Ordinance (Cap. 519 of the Laws of Hong Kong) on 28 November 2008, with amendments and corrections gazetted on 30 April 2009. The scheme, as amended with such minor modifications as deemed necessary, was authorised by the Chief Executive in Council on 20 October 2009 and funding support was approved by the Finance Committee on 16 January 2010.

The Second XRL Agreement contains the following provisions:

- in consideration of the Company executing or procuring the execution of certain entrustment activities as set out in the Second XRL Agreement and carrying out its other obligations under the Second XRL Agreement and the First XRL Agreement, Government shall pay to the Company HK$4,590 million (further details relating to the amendments to this provision are set out in the section headed "The Third Agreement in relation to the Express Rail Link"), to be paid in cash quarterly in advance on a scheduled basis as such sum may be varied in accordance with the Second XRL Agreement, subject to the maximum payment limits stated in the Second XRL Agreement (being HK$2,000 million annually and HK$10,000 million in total) (the "Maximum Payment Limits");
- the Company and Government may agree that the Company will carry out (or procure the carrying out of) certain additional works for Government (such agreed additional works being "miscellaneous works"). Miscellaneous works (if any) are to be carried out by the Company in the same manner as if they had formed part of the activities specified to be carried out under the Second XRL Agreement and in consideration of the Company executing or procuring the execution of the miscellaneous works (if any) and carrying out its other obligations under the Second XRL Agreement in relation to the miscellaneous works (if any), Government shall pay to the Company an amount equal to an agreed fixed percentage of third party costs attributable to the miscellaneous works from time to time subject to the Maximum Payment Limits;
- the Company will provide to Government by the end of each calendar month, a progress report on the activities under the Second XRL Agreement that were carried out in the immediately preceding calendar month and, within three months following the earlier of handover of the Express Rail Link project to Government or termination of the Second XRL Agreement, a final report on the activities required to be carried out under the Second XRL Agreement;
- the Company shall be responsible for the care of all works constructed under the Express Rail Link project from the commencement of construction until the date of handover of those works to Government (or to a third party directed by Government) and for completing or procuring the completion of any outstanding works and/or defective works identified prior to the handover of the works;
- during the period of twelve years following the issue of a certificate of completion by the Company in respect of work carried out under any contract with any third party, the Company shall be responsible for the repair of any defects in such work that are identified following the expiry of any defects liability period under the relevant contract;
- the Company warrants that:
  - in the case of those activities under the Second XRL Agreement that relate to the provision of project management services, such activities shall be carried out with the skill and care reasonably to be expected of a professional and competent project manager;

- in the case of those activities under the Second XRL Agreement that relate to the provision of design services, such activities shall be carried out with the skill and care reasonably to be expected of a professional and competent design engineer; and
- in the case of those activities under the Second XRL Agreement that relate to the carrying out of construction activities, such activities shall be carried out with the skill and care reasonably to be expected of, and by utilising such plant, goods and materials reasonably to be expected from, a competent and workmanlike construction contractor;

- Government is required to bear (i) any costs payable to third parties, (ii) any charges, costs or amounts payable to any Government department, bureau, agency or body in relation to the activities to be carried out under the Second XRL Agreement, (iii) any and all amounts payable to KCRC as compensation for damage arising as a result of the Company and/or a third party contractor carrying out activities under the Second XRL Agreement; and (iv) all land acquisition, clearance and related costs (including all amounts arising as a result of any claim for compensation by any third party) and those costs which are incurred by the Lands Department in connection with the Express Rail Link project (further details relating to the amendments to this provision are set out in the section headed "The Third Agreement in relation to the Express Rail Link"); and
- Government further undertakes to use reasonable endeavours to provide the Company with assistance of a non-financial nature, including taking all reasonable steps to procure that all necessary licences and consents, required in connection with the design, construction and operation of the Express Rail Link are given or granted.

Government had agreed that the Company would proceed with the construction, testing and commissioning of the Express Rail Link (pursuant to and on the terms of the Second XRL Agreement) on the understanding that the Company would be invited to undertake the operation of the Express Rail Link under the concession approach.

The Third Agreement in relation to the Express Rail Link

On 30 November 2015, Government and the Company entered into the deed of agreement relating to the further funding and completion of the Express Rail Link project (the "Third XRL Agreement"). The Third XRL Agreement contains an integrated package of terms and provides that:

(i) Government will bear and finance the project cost up to HK$84.42 billion;

(ii) if the project cost exceeds HK$84.42 billion, the Company will bear and finance the portion which exceeds that sum (if any), except for certain agreed excluded costs;

(iii) the Company will pay a special dividend of HK$4.40 in aggregate per share in two equal tranches (of HK$2.20 per share, in cash in each tranche);

(iv) certain amendments will be made to the existing entrustment arrangements entered into in 2010 relating to the Express Rail Link, including an increase in the project management fee payable to the Company to HK$6.34 billion;

(v) Government reserves the right to refer to arbitration, after commencement of operations on the Express Rail Link, the question of the Company's liability for the current cost overrun (if any); and

(vi) the Third XRL Agreement was subject to (a) the obtaining of approval of the Company's independent shareholders (which was obtained on 1 February 2016) and (b) the obtaining of approval of the Legislative Council for Government's additional funding obligations (which was obtained on 11 March 2016).

The first tranche of the special dividend of HK$2.20 per share was distributed on 13 July 2016 and the second tranche, also of HK$2.20 per share, was distributed on 12 July 2017.

Pursuant to the Third XRL Agreement, certain amendments have been made to the Second XRL Agreement to reflect the arrangements contained in the Third XRL Agreement, including (i) amendments to the arrangements for the bearing and financing of the project cost; and (ii) an increase in the project management cost payable to the Company to an aggregate of HK$6.34 billion (which reflects the estimate of the Company's expected internal costs in performing its obligations in relation to the Express Rail Link project).

C1 Maintenance Contract for the Automated People Mover System at the Hong Kong International Airport

On 2 July 2020, the Company entered into a contract with the AA for the maintenance of the Automated People Mover system at the Hong Kong International Airport (the "System") for a seven-year period (the "Contract") effective from 6 January 2021. For the total amount received from AA in respect of the services provided under the Contract for the year ended 31 December 2024, please refer to Note 47K to the Notes to the Consolidated Financial Statements. Based on the foregoing and the services expected to be provided by the Company under the Contract, it is expected that the highest amount per year receivable from the AA will be around HK$250 million.

The Contract contains provisions relating to the maintenance of the System as undertaken by the Company and, in particular, it includes the following provisions:

- the duration of the Contract shall be seven years from 6 January 2021 up to and including 5 January 2028;
- the performance of scheduled maintenance works and overhaul of the System;
- the monitoring of the System against any breakdown and the related repair services where necessary; and
- the Company to carry out, in certain circumstances, upgrade work on the System.

C2 Subcontractor Warranty to the AA

On 18 May 2018, the Company, as a sub-contractor, provided a sub-contractor warranty effective from 25 September 2017 to the AA as a result of the Company having entered into a subcontract from Niigata Transys Co., Ltd. ("NTS") for the modification works of the existing System for an initial seven-year period, which was subsequently extended to mid-2026. It is expected that the highest amount per year receivable from NTS will be no more than HK$60 million.

The Subcontract contains provisions covering the provision and modification of the power distribution, communication and control subsystems in respect of the System, which includes the following:

- modification of the existing System for its extension to the new Automated People Mover Interchange Station;
- provision of related electrical and mechanical systems, including power distribution system, telecommunication systems and maintenance equipment; and
- relocation of existing maintenance equipment to the new Automated People Mover depot.

D Project Agreement for the Financing, Design, Construction and Operation of the West Island Line

The Project Agreement for the Financing, Design, Construction and Operation of the West Island Line (the "WIL Project Agreement") was entered into on 13 July 2009 between the Company and the then Secretary for Transport and Housing for and on behalf of Government.

The WIL Project Agreement contains provisions for the financing of and the carrying out, or procuring the carrying out, of the design, construction, completion, testing and commissioning by the Company of the railway works required in order to bring the West Island Line into operation in accordance with the MTR Ordinance, the Operating Agreement between the Company and the then Secretary for Transport and Housing for and on behalf of Government dated 9 August 2007 and the WIL Project Agreement. The West Island Line will be owned, operated and maintained by the Company for its own account for the period of the Company's railway franchise. The final payment certificate was issued on 28 June 2019.

The WIL Project Agreement includes provisions in relation to:

- payment by Government of HK$12,252 million to the Company in consideration of the Company's obligations under the WIL Project Agreement, such sum constituting funding support from Government for the Company to implement the West Island Line project;
- within 24 months of commercial operations commencing on the West Island Line on a revenue earning basis and providing scheduled transport for the public (which period was extended to no later than 30 June 2018 by a supplemental agreement between the Company and Government dated 23 December 2016, further extended for a period ended on or before 31 March 2019 by a second supplemental agreement between the Company and Government dated 29 June 2018, and further extended for a period ended on 30 June 2019 by a third supplemental agreement between the Company and Government dated 29 March 2019), payment by the Company to Government of any "Repayment Amounts" for any over-estimation of certain capital expenditure, price escalation costs, land costs and the amount of contingency in relation to the railway works and reprovisioning, remedial and improvement works (together with interest);
- the design, construction and completion of the associated reprovisioning, remedial and improvement works (the cost of which shall be the responsibility of the Company) and the associated essential public infrastructure works (the cost of which shall be the responsibility of Government);
- the Company's responsibility for costs relating to land acquisition, clearance and related costs arising from the implementation of the West Island Line project (save for costs arising from certain claims for compensation by third parties) and all costs, expenses and other amounts incurred or paid by the Lands Department pursuant to the involvement of the Lands Department in connection with the implementation of the West Island Line project; and
- the Company carrying out measures specified in the environmental impact assessment and the environmental permit issued by Government to the Company in relation to the West Island Line on 12 January 2009.

III Continuing Connected Transactions relating to the Operation of the High Speed Rail (formerly known as the Express Rail Link)

The following disclosures, in paragraphs A and B below of this section (together, the "Continuing Connected Transactions relating to the Operation of the High Speed Rail"), are made in accordance with the conditions of the Waiver, the Merger-related Waiver and Rule 14A.71 of the Listing Rules.

A Amendment Operating Agreement

On 23 August 2018, the Company and the then Secretary for Transport and Housing, for and on behalf of Government, entered into the Amendment Operating Agreement (the "AOA") to amend and supplement the Operating Agreement dated 9 August 2007 (as described in paragraph D of the section headed "Additional Information in respect of the Rail Merger" on pages 168 to 169), as amended (the "Existing Integrated Operating Agreement"), in order to prescribe the operational requirements that will apply to the High Speed Rail. The intent and effect of the AOA is that the operational requirements that are applicable to the existing railway network will apply in substantially the same manner to the High Speed Rail, save where any amendments are necessary to reflect the particular characteristics of, and arrangements for, the High Speed Rail.

The AOA is an "operating agreement" for the purposes of the MTR Ordinance, forms part of the legal and regulatory regime for the operation of railways in Hong Kong and is required for the purposes of the MTR Ordinance so that the High Speed Rail is properly regulated under the MTR Ordinance.

Principal Terms of the AOA are as follows:

The terms of the AOA are based substantially on the terms of the Existing Integrated Operating Agreement. The AOA has taken effect on 23 September 2018 (the "Commercial Operation Date (High Speed Rail)") and will expire at the same time as the Supplemental Service Concession Agreement (the "SSCA") entered into between the Company and KCRC on 23 August 2018.

Certain principal terms of the AOA that are specific to the High Speed Rail include:

- obligations on the Company to maintain specific performance requirements in relation to train service delivery, ticket machine reliability, ticket-gate reliability and escalators and passenger lifts reliability;
- obligations on the Company to publish specific customer services pledges in relation to train service delivery, ticket machine reliability, ticket-gate reliability, escalators and passenger lifts reliability, temperature and ventilation levels, railway cleanliness (relating only to the Company's High Speed Rail trains) and passenger enquiry response time;
- obligations in relation to the carrying out of the maintenance of the Company's High Speed Rail trains outside Hong Kong;
- obligations on the Company to carry out design checks and tests to verify that the Mainland operator's High Speed Rail trains are compatible with the Company's infrastructure and can run on the High Speed Rail safely;
- establishing procedures with the Mainland operator for approving the Mainland operator's trains to run on the High Speed Rail safely and for informing Government of the modification of any such trains;
- developing and maintaining a training qualification system for drivers of High Speed Rail trains;
- facilitating the carrying out of inspections by the railway inspector, including liaising with the Mainland operator for this purpose, where necessary;
- security obligations in relation to maintaining the integrity and security of the boundaries of the Mainland Port Area and the Cross-Boundary Restricted Area; and
- mechanisms and Government approval procedures for setting fares for High Speed Rail train journeys, including that:
  - (i) prior to the Commercial Operation Date (High Speed Rail), the Company will seek prior written consent from Government before setting the fares for the various available High Speed Rail ticket types; and
  - (ii) thereafter, fares cannot be adjusted, introduced or withdrawn without the prior consent of Government.

B Supplemental Service Concession Agreement

On 23 August 2018, the Company and KCRC entered into the SSCA to supplement the Service Concession Agreement dated 9 August 2007 (as described in paragraph B of the section headed "Additional Information in respect of the Rail Merger" on pages 167 to 168) (the "Existing Service Concession Agreement") in order for KCRC to grant a concession to the Company in respect of the High Speed Rail and to prescribe the operational and financial requirements that will apply to the High Speed Rail. The intent and effect of the SSCA is that the operational requirements that are applicable to the Company's operation of the existing KCRC railway system will apply in substantially the same manner to the High Speed Rail, save where any amendments are necessary to reflect the particular characteristics of, and arrangements for, the High Speed Rail. The financial provisions in the SSCA have been designed to reflect the provisions of the Existing Integrated Operating Agreement that relate to new concession projects, such as the High Speed Rail subject as set out below.

The SSCA is a "service concession agreement" for the purposes of the MTR Ordinance, forms part of the legal and regulatory regime for the operation of railways in Hong Kong and is required for the purposes of the MTR Ordinance so that the High Speed Rail is properly regulated under the MTR Ordinance.

Principal Terms of the SSCA

The terms of the SSCA are based substantially on the terms of the Existing Service Concession Agreement. The operating period with respect to the High Speed Rail has commenced on the Commercial Operation Date (High Speed Rail) and will terminate automatically on the earlier of:

(i) a revocation of the Company's franchise under the MTR Ordinance in whole or in respect of the High Speed Rail; and

(ii) the date falling immediately before the tenth anniversary of the Commercial Operation Date (High Speed Rail), but may be extended subject to further negotiation between the Company and KCRC in accordance with the mechanism set out in the SSCA, in which case it shall terminate on such other date as is agreed between the Company and KCRC (the "Concession Period (High Speed Rail)").

Certain principal terms of the SSCA that are specific to the High Speed Rail include:

- Additional concession payments for the High Speed Rail

  (i) General

  The additional concession payments to be made by the Company to KCRC and by KCRC to the Company in respect of the High Speed Rail (described below) have been designed to reflect the requirements under the Existing Integrated Operating Agreement, inter alia, for the Company to retain 10% of the currently expected positive discounted net cash flow from the operation of the High Speed Rail (being discounted at a discount rate which reflects the Company's commercial rate of return in relation to the High Speed Rail).

  The SSCA provides for the fixed annual payments and variable annual payments structure for the additional concession payments, to reflect the current concession payments structure for the existing KCRC system under the Existing Service Concession Agreement.

  The additional concession payments for the High Speed Rail are in addition to, and do not replace, the payments made in respect of the existing KCRC system under the Existing Service Concession Agreement.

(ii) Variable annual payments

The variable annual payments (being payments by the Company to KCRC) will be calculated in the same manner prescribed under the Existing Service Concession Agreement whereby the Company pays to KCRC, for each financial year, a certain percentage of the revenue generated from the KCRC system (being 35% for revenues generated from the KCRC system that are beyond the first HK$7.5 billion). For the purposes of calculating the variable annual payments, the revenue generated from the KCRC system shall include the actual revenue from the High Speed Rail fares received or retained by the Company and revenue derived from businesses related to the High Speed Rail which may include, without limitation, advertising, telecommunications, duty free and kiosk rental.

(iii) Fixed annual payments for the High Speed Rail

In light of the variable annual payments described in paragraph (ii) above and in order for the Company to be able to retain 10% of the currently expected positive discounted net cash flow from the operation of the High Speed Rail as described above, the fixed annual payments shall comprise payments from KCRC to the Company which, in aggregate, over the Concession Period (High Speed Rail), will be equal to HK$7,965 million.

These fixed annual payments shall be without prejudice to the Company's obligation to pay the fixed annual payments of HK$750 million each financial year to KCRC under the Existing Service Concession Agreement.

- Revenue-related arrangements

In addition, the SSCA contains the following revenue-related arrangements:

(i) Patronage adjustment

In respect of actual deviations from the current patronage projections for the High Speed Rail:

(a) any excess or shortfall in actual patronage of up to 15% in relation to the currently projected patronage for the High Speed Rail will be borne by the Company; and

(b) any excess or shortfall in actual patronage greater than 15% in relation to the currently projected patronage for the High Speed Rail will be borne between the Company and KCRC in the proportions of 30% by the Company and 70% by KCRC.

(ii) Incremental revenue adjustment

In respect of actual deviations from the currently projected patronage for the Company's existing cross-boundary services to and from Lo Wu and Lok Ma Chau, and the existing intercity service, the Company may receive two payments from KCRC (in respect of the period from and including the Commercial Operation Date (High Speed Rail) up to and including 31 December 2023 and in respect of the period from and including 1 January 2024 up to and including the day falling immediately before the tenth anniversary of the Commercial Operation Date (High Speed Rail), respectively) and which will be capped at HK$500 million and HK$1,000 million, respectively.

(iii) Mainland discount programme loss

In respect of revenue loss resulting from the Mainland Student Ticket Discount and the Mainland Disabled Military/Police Officer Discount programmes adopted by the Mainland operator, the Company will receive reimbursement payments from KCRC on an annual basis.

KCRC and the Company will also discuss in good faith similar reimbursement arrangements should the Mainland operator introduce any other discount programmes in future.

(iv) Service fees subsidy

In respect of the proportion of the service fee charged in respect of tickets sold at West Kowloon Station for journeys originating from and terminating at any railway station in the Mainland which Government has directed should be borne by the Company, the Company will receive reimbursement payments from KCRC on an annual basis.

- Pre-operating costs reimbursements

  In addition, KCRC shall reimburse the Company for the pre-operating costs that are agreed between the Company and KCRC, being costs and expenses reasonably incurred by the Company prior to the Commercial Operation Date (High Speed Rail) that satisfy all of the following criteria:

  (i) that directly resulted from the planning and commencement of the operation of the relevant High Speed Rail assets;

  (ii) that have not already been paid, and will not be paid or payable, by Government to the Company under any relevant agreement or which the Company and Government otherwise agree in writing should be treated as a pre-operating cost;

  (iii) that are not covered in any of the payments to be made by KCRC to the Company under the SSCA; and

  (iv) that fall within certain other types of agreed costs and expenses in connection with the operation of the High Speed Rail (including, mobilisation activities in preparation for the opening of the High Speed Rail and trial operations prior to the opening of the High Speed Rail, and other items as may be agreed between KCRC and the Company).

- Equalisation payment

  If the franchise is revoked by Government prior to 31 December 2023, KCRC is required to make a payment to the Company of an amount that is equivalent to the aggregate fixed annual payment payable by KCRC over the ten-year life of the concession, reduced pro rata to take account of the time at which termination occurs, and less any amounts of the fixed annual payment already paid to the Company. The intention of this equalisation payment is to ensure that the Company is partly protected in the event of early termination of the concession in respect of the High Speed Rail.

- High Speed Rail services

  The Company is obliged to operate the High Speed Rail during the Concession Period (High Speed Rail) to the standards prescribed in the MTR Ordinance and the Existing Operating Agreement (subject as otherwise stated herein). The Company is not regarded as having failed to meet a requirement under the MTR Ordinance or the Existing Integrated Operating Agreement if the failure has resulted from anything done or omitted to be done by the Mainland operator, any Mainland authority or persons directly under their control.

- Return requirements

  If the Concession Period (High Speed Rail) expires or is terminated, the Company shall, at no cost to KCRC, redeliver possession of the High Speed Rail concession property.

IV Continuing Connected Transactions relating to the Operation of the Shatin to Central Link

The following disclosures, in paragraphs IV-1 and IV-2 below of this section (together, the "Continuing Connected Transactions relating to the Operation of the Shatin to Central Link"), are made in accordance with the conditions of the Waiver, the Merger-related Waiver and Rule 14A.71 of the Listing Rules.

The Shatin to Central Link is commissioned in two parts. The Tuen Ma Line as a whole was commissioned on 27 June 2021 and formed the first part of the Shatin to Central Link. Construction of the second part of the Shatin to Central Link has been completed and commercial operations on the Shatin to Central Link as a whole commenced on 15 May 2022.

IV-1 First Part of the Shatin to Central Link – Tuen Ma Line

The first phase of the Tuen Ma Line (the "TML1") which extended the Ma On Shan Railway ("MOSR") from Tai Wai to Kai Tak with two stations at Hin Keng and Kai Tak, and an interchange station at Diamond Hill, was commissioned on 14 February 2020. The second phase of the Tuen Ma Line, runs from Kai Tak to Hung Hom with two new stations at Sung Wong Toi and To Kwa Wan and incorporating one existing station at Ho Man Tin, and it integrated the TML1 with West Rail into a single railway line that is known as the Tuen Ma Line (the "TML"). Commercial operations on the TML as a whole commenced on 27 June 2021. This forms the first part of the Shatin to Central Link.

Amendment Operating Agreements, Supplemental Operating Agreements and Amendment No.1 to Memorandum on Performance Requirements

On 11 February 2020, the Company and the then Secretary for Transport and Housing, for and on behalf of Government, entered into the Amendment Operating Agreement (the "TML1 AOA") and the Company and the Commissioner for Transport, for and on behalf of Government, entered into the Supplemental Operating Agreement (the "TML1 SOA") to amend and supplement, respectively, the Existing Integrated Operating Agreement in order to prescribe the operational requirements, such as service standards, that will apply to the TML1. The intent and effect of the TML1 AOA and the TML1 SOA together is that the operational requirements that are applicable to the existing railway network will apply in substantially the same manner to the TML1.

On 21 June 2021, the Company and the then Secretary for Transport and Housing, for and on behalf of Government, entered into the Amendment Operating Agreement (the "TML AOA") to amend and the Company and the Commissioner for Transport, for and on behalf of Government, entered into the Supplemental Operating Agreement (the "TML SOA") and the Amendment No.1 to Memorandum on Performance Requirements (the "Memorandum Amendment") to supplement the Existing Integrated Operating Agreement in order to prescribe the operational requirements that will apply to the TML as a whole, such as service standards. The intent and effect of the TML AOA, the TML SOA and the Memorandum Amendment together is that the operational requirements that are applicable to the existing railway network will apply in substantially the same manner to the TML as a whole.

The TML1 AOA, TML AOA, TML1 SOA, TML SOA and the Memorandum Amendment are each an "operating agreement" for the purposes of the MTR Ordinance, form part of the legal and regulatory regime for the operation of railways in Hong Kong and are required for the purposes of the MTR Ordinance so that the TML as a whole is properly regulated under the MTR Ordinance.

The principal terms of the TML1 AOA, TML AOA, TML1 SOA, TML SOA and the Memorandum Amendment have the effect of bringing the TML as a whole within the legal and regulatory regime for the operation of railways in Hong Kong contained in the Existing Integrated Operating Agreement, as explained in the paragraphs above. The amendments under (1) the TML1 AOA and TML1 SOA took effect on 14 February 2020; and (2) the TML AOA, the TML SOA and the Memorandum Amendment took effect on 21 June 2021.

IV-2 Shatin to Central Link as a whole

The second part of the Shatin to Central Link, extends from Hung Hom Station to Admiralty Station with a station at Exhibition Centre, and it integrates with the railway lines connecting Lo Wu Station and Lok Ma Chau Station to Hung Hom Station (excluding such portion of the Hung Hom Station designed and constructed pursuant to certain entrustment agreements and those assets set out in certain assignment agreements between KCRC and Government) (the "East Rail Line (Original)") into a single railway line. This, together with the TML, forms the entire Shatin to Central Link.

A Amendment Operating Agreement and Supplemental Operating Agreement

On 10 May 2022, the Company and the then Secretary for Transport and Housing, for and on behalf of Government, entered into the Amendment Operating Agreement (the "SCL AOA") and the Company and the Commissioner for Transport, for and on behalf of Government, entered into the Supplemental Operating Agreement (the "SCL SOA") to amend and supplement, respectively, the Existing Integrated Operating Agreement in order to prescribe the operational requirements that will apply to the Shatin to Central Link as a whole, such as service standards. The intent and effect of the SCL AOA and the SCL SOA together is that the operational requirements that are applicable to the existing railway network will apply in substantially the same manner to the Shatin to Central Link as a whole.

The SCL AOA and the SCL SOA are each an "operating agreement" for the purposes of the MTR Ordinance, form part of the legal and regulatory regime for the operation of railways in Hong Kong and are required for the purposes of the MTR Ordinance so that the Shatin to Central Link as a whole is properly regulated under the MTR Ordinance.

The principal terms of the SCL AOA and the SCL SOA have the effect of bringing the Shatin to Central Link as a whole within the legal and regulatory regime for the operation of railways in Hong Kong contained in the Existing Integrated Operating Agreement, as explained in the paragraphs above. The amendments under the SCL AOA and the SCL SOA took effect on 10 May 2022.

B Supplemental Service Concession Agreement

On 10 May 2022, the Company and KCRC entered into the Supplemental Service Concession Agreement No. 4 (the "SCL SSCA") relating to the Shatin to Central Link, to supplement the Existing Service Concession Agreement and to supersede and replace the Supplemental Service Concession Agreement No. 3 (the "TML SSCA") dated 21 June 2021 relating to the TML , in order for KCRC to grant a concession to the Company in respect of the Shatin to Central Link as a whole and to prescribe the operational and financial requirements that will apply to the Shatin to Central Link as a whole. The TML SSCA had, in turn, superseded and replaced the Supplemental Service Concession Agreement No.2 dated 11 February 2020 relating to the TML1 (the "TML1 SSCA"). The intent and effect of the SCL SSCA is that the operational requirements that are applicable to the Company's operation of the existing KCRC railway system will apply in substantially the same manner to the Shatin to Central Link as a whole, save where any amendments are necessary to reflect the particular characteristics of, and arrangements for, the Shatin to Central Link as a whole. The financial provisions in the SCL SSCA have been designed to reflect the principles contained in the Existing Integrated Operating Agreement that relate to new concession projects, such as the Shatin to Central Link other than as set out below.

The SCL SSCA is a "service concession agreement" for the purposes of the MTR Ordinance, forming part of the legal and regulatory regime for the operation of railways in Hong Kong, and is required for the purposes of the MTR Ordinance so that the Shatin to Central Link as a whole is properly regulated under the MTR Ordinance.

Principal Terms of the SCL SSCA

The terms of the SCL SSCA are based substantially on the terms of the Existing Service Concession Agreement, as explained in the paragraphs above. The SCL SSCA was made on 10 May 2022 and the term of the service concession and licence granted by KCRC to the Company pursuant to the terms of the SCL SSCA commenced on 13 May 2022 (the "New Project Effective Date (NSL)") and the commercial operation of the part of the railway line connecting such portion of the Hung Hom Station, the Exhibition Centre Station and the Shatin to Central Link Portion (as defined in the assignment deed in relation to Inland Lot No. 9070 dated 13 May 2022) ("NSL") commenced on 15 May 2022 (the "Commercial Operation Date (NSL)"), which will terminate automatically on and from the earlier of (being the "Termination Date (SCL)"):

(i) the effective date of the revocation of the franchise pursuant to the MTR Ordinance as it relates to the KCRC railway;

(ii) the effective date of the withdrawal or revocation of the permission by the Director of Lands pursuant to the vesting deeds entered into between KCRC and Government as well as the revocation of the franchise pursuant to the MTR Ordinance as it relates to the Shatin to Central Link;

(iii) any date designated as a Termination Date (SCL) for the purposes of the SCL SSCA in any legally binding agreement for any extension of the period commencing on the New Project Effective Date (NSL) and ending on the day prior to the Termination Date (SCL) (the "Concession Period (SCL)") beyond the Natural Expiry Date (SCL) (as defined in (iv) below) on such terms and conditions as the Company on the one hand, and KCRC (or a nominee of Government and/or any third party designated by Government) on the other may agree by way of an agreement to follow the SCL SSCA (including, without limitation, that the Company shall operate the Shatin to Central Link pursuant to a service concession as defined in the MTR Ordinance) (the "SCL Concession Extension") (which shall supersede and replace the SCL SSCA); and

(iv) the day falling immediately before the tenth anniversary of the Commercial Operation Date (NSL), or such later date as each of the Company, KCRC and Government may agree in a written agreement by no later than the date falling one month prior to the tenth anniversary of the Commercial Operation Date (NSL) or prior to the last extended date (where applicable) (the "Natural Expiry Date (SCL)").

Certain principal terms of the SCL SSCA that are specific to the Shatin to Central Link include:

- Concession payments

  The concession payments under the SCL SSCA consists of variable annual payments (payable by the Company to KCRC) and fixed annual payments (payable by KCRC to the Company).

  (i) Variable annual payments and fixed annual payments

  The variable annual payments (being payments by the Company to KCRC) will be calculated in the same manner prescribed under the Existing Service Concession Agreement whereby the Company pays to KCRC, for each financial year, a certain percentage of the revenue generated from the KCRC system. For the purposes of calculating the variable annual payments, the revenue generated from the KCRC system shall include the actual revenue from the TML and the East Rail Line (including the NSL) fares received or retained by the Company and revenue derived from businesses related to the TML and the East Rail Line (including the NSL) which may include, without limitation, telecommunications and kiosk rental, subject to certain agreed adjustments.

  In light of the variable annual payments described in the paragraph above and in order for the Company to be able to earn a commercial return, the fixed annual payments shall comprise payments from KCRC to the Company over the Concession Period (SCL). These fixed annual payments shall be without prejudice to the Company's obligation to pay the fixed annual payments of HK$750 million each financial year to KCRC under the Existing Service Concession Agreement.

(ii) Estimated net amount of the concession payments

Based on the Concession Period (SCL) terminating on the Natural Expiry Date (SCL), the estimated net amount of the concession payments under the SCL SSCA (taking into account both the estimated variable annual payments and the fixed annual payments for the Shatin to Central Link) payable by the Company to KCRC is expected, in aggregate, to be approximately HK$1,036 million (subject to certain agreed adjustments) over the Concession Period (SCL).

- Equalisation payment

  If the Termination Date (SCL) occurs prior to 31 December 2028, KCRC is required to make a payment to the Company of an amount that is equivalent to the aggregate fixed annual payment payable by KCRC over the ten-year life of the concession, reduced pro rata to take account of the time at which termination occurs, and less any amounts of the fixed annual payment already paid to the Company. The intention of this equalisation payment is to ensure that the Company is partly protected in the event of early termination of the concession in respect of the Shatin to Central Link.

- A new legally binding agreement in relation to an SCL Concession Extension for the Shatin to Central Link

  On and from 1 January 2029 (or such earlier date as may be agreed in writing by the Company, KCRC and Government) up to and including the date that is twelve months before the Natural Expiry Date (SCL) (prior to any extension) or such later date as may be agreed in writing by the Company, KCRC and Government, Government, the Company and KCRC shall commence exclusive negotiations in good faith with a view to agreeing the terms of a legally binding agreement in relation to a SCL Concession Extension (including, without limitation, that the Company shall operate the Shatin to Central Link pursuant to a service concession as defined in the MTR Ordinance) which shall apply to the Shatin to Central Link the Existing Integrated Operating Agreement and which should in accordance with the Existing Integrated Operating Agreement, enable the Company to earn a commercial rate of return from its operation of the Shatin to Central Link.

- Return requirements

  If the Concession Period (SCL) expires or is terminated, and there has been no SCL Concession Extension, the Company shall, at no cost to KCRC, redeliver possession of the Shatin to Central Link concession property (which, for the avoidance of doubt, excludes the MOSR, the West Rail Line and the East Rail Line (Original)).

In relation to the Merger-related Continuing Connected Transactions, the Non Merger-related Continuing Connected Transactions, the Continuing Connected Transactions relating to the Operation of the High Speed Rail and the Continuing Connected Transactions relating to the Operation of the Shatin to Central Link (collectively "Transactions") and in accordance with (i) in the case of the Merger-related Continuing Connected Transactions, paragraph B(I)(i) of the Merger-related Waiver; (ii) in the case of the Non Merger-related Continuing Connected Transactions, paragraph B(I)(iii)(a) of the Waiver; (iii) in the case of the Continuing Connected Transactions relating to the Operation of the High Speed Rail, paragraph B(I)(i) of the Merger-related Waiver and paragraph B(I)(iii)(a) of the Waiver; and (iv) in the case of the Continuing Connected Transactions relating to the Operation of the Shatin to Central Link, paragraph B(I)(i) of the Merger-related Waiver and paragraph B(I)(iii)(a) of the Waiver, the Company confirms that the Independent Non-executive Directors of the Company have reviewed and confirmed that each of the Transactions was entered into:

(1) in the ordinary and usual course of business (within the meaning of the Listing Rules) of the Group;

(2) on normal commercial terms or better (within the meaning of the Listing Rules); and

(3) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Company's shareholders as a whole.

The Company has engaged the auditors of the Company to report on the Transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. In accordance with (i) in the case of the Merger-related Continuing Connected Transactions, paragraph B(I)(ii) of the Merger-related Waiver; (ii) in the case of the Non Merger-related Continuing Connected Transactions, paragraph B(I)(iii)(b) of the Waiver; (iii) in the case of the Continuing Connected Transactions relating to the Operation of the High Speed Rail, paragraph B(I)(ii) of the Merger-related Waiver and paragraph B(I)(iii)(b) of the Waiver; and (iv) in the case of the Continuing Connected Transactions relating to the Operation of the Shatin to Central Link, paragraph B(I)(ii) of the Merger-related Waiver and paragraph B(I)(iii)(b) of the Waiver, the auditors have provided letters to the Board confirming that:

(a) nothing has come to their attention that causes them to believe that any of the Transactions has not been approved by the Board; and

(b) nothing has come to their attention that causes them to believe that any of the Transactions was not entered into, in all material respects, in accordance with the relevant agreements governing such transactions.

Additional Information in respect of the Rail Merger

The Rail Merger consisted of a number of separate agreements, each of which was detailed in the circular issued by the Company on 3 September 2007 in connection with the Rail Merger, and which together formed a complete package deal which was approved by the independent shareholders of the Company at an Extraordinary General Meeting held on 9 October 2007. The information set out at paragraph A below of this section describes the payment framework adopted in respect of the Rail Merger and paragraphs B to F below of this section set out summaries of the various agreements entered into by the Company in respect of the Rail Merger in addition to those agreements disclosed above under the heading "Merger-related Continuing Connected Transactions".

A Payments in connection with Merger-related Agreements

In connection with the Rail Merger, the following initial payments were made by the Company to KCRC on 2 December 2007 (being the Merger Date):

- an upfront payment of HK$4.25 billion, payable under the Service Concession Agreement (as described in paragraph B below of this section), being the upfront fee for the right to operate the Service Concession (as defined in paragraph B below of this section) and the consideration for the purchased rail assets; and
- an upfront payment of HK$7.79 billion payable under the Merger Framework Agreement (as described on page 148) in consideration for the execution of the Property Package Agreements (as described in paragraph C on pages 148 to 149 and in paragraph F below of this section) and the sale of the shares in the subsidiaries of KCRC (the "KCRC Subsidiaries") that were transferred to the Company under the Sale and Purchase Agreement which was entered into on 9 August 2007 between the Company and KCRC.

In addition to the initial payments above, the Company is also required to make the following payments to KCRC going forward:

- fixed annual payments of HK$750 million payable under the Service Concession Agreement, for the right to use and operate the concession property for the operation of the service concession, in arrears on the day immediately preceding each anniversary of the Merger Date which falls during the concession period in respect of the 12-month period up to and including the date on which such payment falls due; and
- variable annual payments payable under the Service Concession Agreement, for the right to use and operate the concession property for the operation of the service concession, in each case, calculated on a tiered basis by reference to the amount of revenue from the KCRC system (as determined in accordance with the Service Concession Agreement) for each financial year of the Company. No variable annual payment is payable in respect of the first 36 months following the Merger Date.

As a complete package deal, other than the payment elements described above and unless stated otherwise in the relevant paragraph below in this section, no specific allocation was made between the various elements of the Rail Merger.

B Service Concession Agreement

The Service Concession Agreement was entered into on 9 August 2007 between the Company and KCRC.

The Service Concession Agreement contains provisions in relation to the grant and operation of a service concession and licence granted by KCRC to the Company (the "Service Concession"), including in relation to:

- the grant of the Service Concession to the Company to access, use and operate the concession property (other than KCRC railway land referred to immediately below) to certain specified standards;
- the grant of a licence to access and use certain KCRC railway land;
- the term (being an initial period of 50 years from the Merger Date) of the Service Concession and redelivery of the KCRC system upon expiry or termination of the concession period. The Service Concession will end if the Company's franchise relating to the KCRC railway is revoked;
- the payments of an upfront payment of HK$4.25 billion and fixed annual payments and variable annual payments (as described in paragraph A above in this section);
- KCRC remaining the legal and beneficial owner of the concession property as at the Merger Date and the Company being the legal and beneficial owner of certain future concession property (the "Additional Concession Property");
- the regime for compensation payable by KCRC to the Company if Additional Concession Property is returned to KCRC at the end of the concession period;
- the rights and restrictions of the Company and KCRC in relation to the concession property; and
- subject to certain conditions, the Company bearing all risks, liabilities and/or costs whatsoever associated with or arising from the concession property and the land on which any of the concession property is located during the concession period.

On 23 August 2018, the Company and KCRC entered into the SSCA in order for KCRC to grant a concession to the Company in respect of the High Speed Rail and to prescribe the operational and financial requirements that will apply to the High Speed Rail. Further details are set out in the sub-section headed "III Continuing Connected Transactions relating to the Operation of the High Speed Rail (formerly known as the Express Rail Link)" in the section headed "Continuing Connected Transactions".

On 11 February 2020, the Company and KCRC entered into the TML1 SSCA in order for KCRC to grant a concession to the Company in respect of the TML1 of the Shatin to Central Link and to prescribe the operational and financial requirements that will apply to the TML1. On 21 June 2021, the Company and KCRC further entered into the TML SSCA in order for KCRC to grant a concession to the Company in respect of the TML and to prescribe the operational and financial requirements that will apply to the TML, which superseded the TML1 SSCA. On 10 May 2022, the Company and KCRC entered into the SCL SSCA in order for KCRC to grant a concession to the Company in respect of the Shatin to Central Link as a whole and to prescribe the operational and financial requirements that will apply to the Shatin to Central Link as a whole, which superseded the TML SSCA. Further details are set out in the sub-section headed "IV Continuing Connected Transactions relating to the Operation of the Shatin to Central Link" in the section headed "Continuing Connected Transactions".

C Sale and Purchase Agreement

The Sale and Purchase Agreement was entered into on 9 August 2007 between the Company and KCRC.

The Sale and Purchase Agreement provides the terms pursuant to which the Company acquired certain assets and contracts (the "Purchased Rail Assets") from KCRC.

The consideration for the sale of the Purchased Rail Assets (excluding the shares in the KCRC Subsidiaries) formed part of the upfront payment of HK$4.25 billion. The consideration for the sale of the shares in the KCRC Subsidiaries (which own the Category 1A Properties referred to at paragraph F below in this section and act as property managers) formed part of the payment of HK$7.79 billion for the property package (as described in paragraph A above in this section and in paragraph F below in this section).

D Operating Agreement

The Operating Agreement was entered into on 9 August 2007 between the Company and the then Secretary for Transport and Housing for and on behalf of Government as contemplated in the MTR Ordinance.

The Operating Agreement is based on the previous Operating Agreement which was signed on 30 June 2000. The Operating Agreement differs from the previous Operating Agreement to provide for, amongst other things, the nature of the combined MTRC railway and KCRC railway.

The Operating Agreement includes terms relating to:

- the extension of the Company's franchise under the MTR Ordinance;
- the design, construction and maintenance of the railway;
- passenger services;
- a framework for the award of new projects and the operation and ownership structure of new railways;
- the adjustment mechanism to be applied to certain of the Company's fares; and
- compensation which may be payable under the MTR Ordinance to the Company in relation to a suspension, expiry or termination of the franchise.

Under the Operating Agreement, the fare adjustment mechanism is subject to review periodically. The first of such reviews was undertaken in 2013 and the second was conducted in 2017. The Company and Government agreed on 16 April 2013 to amend the fare adjustment mechanism. On 21 March 2017, the Company announced that it and Government had agreed to maintain the fare adjustment mechanism formula and direct-drive nature of such formula, save for certain consequential changes as a result of the review of the formula having been advanced by one year. In addition, the wider terms of the Operating Agreement are subject to review every five years and such a review was also undertaken in 2013. As a result of such review, the Company and Government agreed measures in enhancing communication and liaison on operational arrangements.

On 23 August 2018, the Company and the then Secretary for Transport and Housing, for and on behalf of Government, entered into the AOA to amend and supplement the Operating Agreement dated 9 August 2007, as amended, in order to prescribe the operational requirements that will apply to the High Speed Rail. Further details are set out in the sub-section headed "III Continuing Connected Transactions relating to the Operation of the High Speed Rail (formerly known as the Express Rail Link)" in the section headed "Continuing Connected Transactions".

On 11 February 2020, the Company and the then Secretary for Transport and Housing, for and on behalf of Government, entered into the TML1 AOA and the Company and the Commissioner for Transport, for and on behalf of Government, entered into the TML1 SOA to amend and supplement, respectively, the Existing Integrated Operating Agreement, in order to prescribe the operational requirements that will apply to the TML1 of the Shatin to Central Link. On 21 June 2021, the Company and the then Secretary for Transport and Housing, for and on behalf of Government, further entered into the TML AOA and the Company and the Commissioner for Transport, for and on behalf of Government, further entered into the TML SOA and the Memorandum Amendment to amend and supplement, respectively, the Existing Integrated Operating Agreement in order to prescribe the operational requirements that will apply to the TML of the Shatin to Central Link. On 10 May 2022, the Company and the then Secretary for Transport and Housing, for and on behalf of Government, entered into the SCL AOA and the Company and the Commissioner for Transport, for and on behalf of Government, entered into the SCL SOA to amend and supplement, respectively, the Existing Integrated Operating Agreement, in order to prescribe the operational requirements that will apply to the Shatin to Central Link as a whole. Further details are set out in the sub-section headed "IV Continuing Connected Transactions relating to the Operation of the Shatin to Central Link" in the section headed "Continuing Connected Transactions".

E Memorandum on Performance Requirements

The Memorandum on Performance Requirements was signed by the Company and the Commissioner for Transport for and on behalf of Government on 9 August 2007. It sets out the prescribed formulae for calculating the Performance Requirements. Further details are set out in the section headed "Amendment Operating Agreements, Supplemental Operating Agreements and Amendment No.1 to Memorandum on Performance Requirements" under paragraph "IV-1 First Part of the Shatin to Central Link – Tuen Ma Line" in the sub-section headed "IV Continuing Connected Transactions relating to the Operation of the Shatin to Central Link" in the section headed "Continuing Connected Transactions".

F Additional Property Package Agreements

Category 1A Properties

The Category 1A Properties are held by the KCRC Subsidiaries. Under the terms of the Sale and Purchase Agreement, the Company acquired from KCRC the shares in the KCRC Subsidiaries (and thereby indirectly acquired the "Category 1A Properties").

Category 1B Properties

On 9 August 2007, KCRC and the Company entered into an agreement for sale and purchase under which KCRC agreed to assign certain properties (the "Category 1B Properties") to the Company on the Merger Date. The relevant assignment was executed between KCRC and the Company on 2 December 2007.

Category 2A Properties

On 9 August 2007, Government entered into an undertaking that it would issue to KCRC an offer for the grant at nil premium of Government leases in respect of the land upon which certain properties (the "Category 2A Properties") are situated (the "said Government Leases"). The Category 2A Properties were held by KCRC as vested land under the Kowloon-Canton Railway Corporation Ordinance (Cap. 372 of the Laws of Hong Kong). On 9 August 2007, KCRC entered into an undertaking that it would, immediately after the grant of the said Government Leases referred to in the preceding sentence, enter into agreements for sale and purchase to sell the Category 2A Properties to the Company (the "said Agreements for Sale and Purchase"). Assignments of the Category 2A Properties to the Company shall then take place pursuant to the said Agreements for Sale and Purchase (the "said Assignments").

The said Government Leases were issued to KCRC respectively on 27 March 2009 and 31 March 2009. The said Agreements for Sale and Purchase were entered into between KCRC and the Company on 27 March 2009 and 31 March 2009 respectively and the said Assignments to the Company were executed on 27 March 2009 and 31 March 2009 respectively. Deeds of Mutual Grant were also entered into between the Company and KCRC on 27 March 2009 and 31 March 2009 respectively setting out the easements, rights, entitlements, privileges and liberties of the Company and KCRC in the land on which the Category 2A Properties are situated.

Category 2B Property

On 9 August 2007, Government entered into an undertaking that it would issue to the Company an offer for the grant of a Government Lease of a certain property (the "Category 2B Property") on terms to be agreed.

The basic terms offer for the Category 2B Property (i.e. Trackside Villas) was issued and accepted by the Company on 31 December 2009 and Government Lease in respect of Tai Po Town Lot No. 199 dated 29 March 2010 was issued for a term of 50 years from 2 December 2007.

Category 4 Properties

On 9 August 2007, Government entered into an undertaking that it would, within periods to be agreed between the Company and Government, offer to the Company a private treaty grant in respect of certain development sites (the "Category 4 Properties"). The terms of each private treaty grant shall generally be determined by Government, and the premium for each private treaty grant shall be assessed on a full market value basis ignoring the presence of the railway other than the Tin Shui Wai Terminus, Light Rail, Yuen Long, New Territories.

On 9 August 2007, the Company issued a letter to KCRC confirming that, if there should be any railway premises on the Category 4 Properties, the Company would assign the railway premises to KCRC.

Metropolis Equity Sub-participation Agreement

The Metropolis Equity Sub-participation Agreement was entered into on 9 August 2007 between KCRC and the Company. KCRC is obliged to act on the Company's instructions, and pay to the Company any distributions, or proceeds of sale, relating to its shareholding in the property management company The Metropolis Management Company Limited ("Metropolis"). The issued share capital of Metropolis is 25,500 A shares (which are held by KCRC) and 24,500 B shares (which are held by Cheung Kong Property Management Limited). Metropolis' business is property management.

G Application of Merger-related Waiver

In relation to the Operating Agreement and the Service Concession Agreement, pursuant to paragraph A of the Merger-related Waiver, the Stock Exchange granted a waiver to the Company from strict compliance with all the continuing connected transaction requirements of Chapter 14A of the Listing Rules.

CAPITAL AND OPERATING EXPENDITURE

There are defined procedures for the appraisal, review and approval of major capital and operating expenditure. During the year ended 31 December 2024, the employment of consultancy services over 0.1% of the net assets of the Group and other capital and operating expenditure over 0.3% of the net assets of the Group required the approval of the Board.

REPORTING AND MONITORING

There is a comprehensive budgeting system for all operational and business activities, with an annual budget approved by the Board. Monthly results of the Group's operations, businesses and projects are reported against the budget to the Board and updated forecasts for the year are prepared regularly.

TREASURY MANAGEMENT

The Company's Treasury Department operates within approved guidelines from the Board. It manages the Company's debt portfolio with reference to the Preferred Financing Model which defines the preferred mix of financing instruments, fixed and floating rate debt, maturities, interest rate risks, currency exposure and financing horizon. The model is reviewed and refined periodically to reflect changes in the Company's financing requirements and the market environment. Derivative financial instruments such as interest rate swaps and cross currency swaps are used only as hedging tools to manage the Group's exposure to interest rate and currency risks. Prudent guidelines and procedures are in place to control the Company's derivatives activities, including a comprehensive credit risk management system for monitoring counterparty credit exposure using the Value-at-Risk approach. There is also appropriate segregation of duties within the Company's Treasury Department.

Major financing transactions and guidelines for derivatives transactions, including the credit risk management framework, are approved at the Board level.

COMPUTER PROCESSING

There are defined procedures, controls and regular quality reviews on the operation of computer systems to ensure the accuracy and completeness of financial records and efficiency of data processing. The Company's computer centre operation and support, help desk operation and support services, and also software development and maintenance, have been certified under ISO 9001:2015. Disaster recovery rehearsal on critical applications is conducted annually. For cyber security, the Company has been certified with ISO 27001:2022 on the Information Security Management System that complies with the required standard for the comprehensive scope of IT services operation. The Innovation and Technology Executive Management Committee sets the direction, policies and strategy, and cultivates best practices on innovation and technology ("I&T") and cyber security for the Company. It steers and oversees the management and performance of all matters relating to I&T initiatives and cyber security. Various security controls have been implemented and are reviewed regularly to protect the Company from cyber-attacks.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, subject to the statutes, the Company will indemnify every Director of the Company out of its own assets against any liability incurred by him/her in the execution of his/her office in defending any civil or criminal proceedings. The relevant Article was in force during the year ended 31 December 2024 and on 6 March 2025 when this Report was approved. To ensure sufficient coverage is provided, the Company undertakes an annual review of the Directors' and Officers' liability insurance policy of the Company (the "D&O Insurance Policy") in light of recent trends in the insurance market and other relevant factors. The D&O Insurance Policy also indemnifies the other directors within the Group.

GOING CONCERN

The Consolidated Financial Statements on pages 180 to 266 have been prepared on a going concern basis. The Board has reviewed the Group's budget for 2025, together with the longer-term forecast for the following five years and is satisfied that the Group has sufficient resources to continue as a going concern for the foreseeable future.

AUDITORS

The retiring auditors, KPMG, have signified their willingness to continue in office. A resolution will be proposed at the forthcoming AGM to reappoint them and to authorise the Board of Directors to fix their remuneration.

For and on behalf of the Board

Gillian Elizabeth Meller
Company Secretary
Hong Kong, 6 March 2025

DIRECTORS OF SUBSIDIARY UNDERTAKINGS

The directors of the subsidiary undertakings of the Company during the year and up to the date of this Report (unless otherwise stated) are listed below:

Name	Director	Alternate Director
Altamirano Celis, Sandra Elena	√	
Astrand, Anna Caroline	√	
Dr Auyeung Pak-kuen, Rex	√	
Bagshaw, Michael David	√	
Bailie, William Paul	√	
Butcher, Stephen Anthony		√
Chan Chi-hung	√	
Chan Chun-pan	√	√
Chan Hing-keung	√	
Chan Ting-bond, Michael	√	
Dr Chan Yuen Tak-fai, Dorothy	√	
Cheng Wai-ching, Margaret	√	
Cheng Yan-kee	√	
Cheng Yiu-lam, Elaine	√	
Chim Edwin	√	√
Chiu Man	√	
Chow Chun-ling	√	
Choy Siu-min, Linda	√	
Choy Yiu-fai, Lawrence		√
Chu Fung-kuen, Margaret	√(Resigned)	
Collis, Charles Grant Ross	√(Resigned)	
Cooper, William Arthur Gordon	√	
Downie, Brian Francis	√	√
Fitzgerald, Michael George	√	
Fu Oi-yu	√(Ceased)	
Fung Ching-ting, Teresa	√	
Gustafsson, Anders Krister	√	
Hellners, Karl Erik Hjalmar	√	
Herrmann, Lena Christina	√(Resigned)	
Ho Ka-wa	√	
Hui Chun-sing, Thomas	√	
Hui Leung-wah, Herbert	√(Resigned)	
Jia Jun	√	
Jim Kwok-wah	√	√(Ceased)
Jubian, Albert	√	√
Dr Kam Chak-pui, Jacob	√	
Kenny, Michael John		√
Kershaw, Phillip John	√	√
Kiang Yee-wing	√	
King, Andrew Lewis	√	
Kwok Lai-kay, Lena	√	√
Lai Kai-shing	√(Ceased)	
Lam Ting-chung, Wilfred	√	
Lau Kwai-hin, Kenneth	√	
Lau Pak-wai		√
Lau Tin-shing, Adi	√(Resigned)	
Lau Wai-ming	√	
Lee Guo-chun	√	

Name	Director	Alternate Director
Dr Lee Kar-yun, Tony	√	
Lee Kim-hung	√	
Lee Wai-kwong, Sunny	√	
Lee Yuen-ling	√	
Leung Tai-chiu, Herbert	√	
Lung Tze-ho	√	√
Lusher, Sarah Ellison		√
Man Wing-fai	√	
McCusker, Andrew	√	
Meller, Gillian Elizabeth	√	
Meyer, Peter	√	
Moros, Tony Antonio	√	
Munro, Peter James		√(Ceased)
Murphy, Stephen John	√(Resigned)	
Ng Isaac	√	
Ng Lup-nung, Leo	√	
Ng Yuen-fan, Hannah		√
Nyas, Jesper Karl Pontus	√	
O'Flaherty, Raymond Anthony	√	
Ortner, Ruben Daniel Johannes	√(Resigned)	
Pang Hoi-hing	√(Resigned)	
Pendlebury, Ian John		√
Poon Kai-chung	√	
Quarrie, Ian Roger	√	√
Robinson, John Alexander Macleod	√	
Rostaminegad, Paul Nader	√	
Tam Ka-yee, Irene	√	
Tang Chi-fai, David	√	
Tong Kwok-wai, Dono		√
Tse Fuk-sum, Winson	√	
Tse Kwan-yu	√	
Tung Pui-chuen, James	√	
Wan Wai-yin	√	
Wang Chao	√	
Wang Ying	√	
Wei Yan	√(Ceased)	
Williams Daniel	√	
Wong Kwan-wai, Sammy	√	
Wong Wing-kin	√	
Xia Jing	√(Ceased)	
Xu Muhan	√	
Yam Pak-nin	√	√
Yeung Mei-chun, Jeny	√	
Yip Chun-to	√	
Yuen Lai-ki	√	
Yuen Lap-hang	√	
Zhang Ling	√	

CONTENTS OF CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

KPMG

Independent auditor's report to the members of MTR Corporation Limited

(incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of MTR Corporation Limited ("the Company") and its subsidiaries ("the Group") set out on pages 180 to 266, which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Railway construction projects under entrustment by the HKSAR Government

Refer to note 22 to the consolidated financial statements and the accounting policies in note 2X

The Key Audit Matter	How the matter was addressed in our audit
The Group and the Government of the Hong Kong Special Administrative Region ("HKSAR Government") have entered into certain entrustment arrangements whereby the Group has been entrusted by the HKSAR Government to proceed with the planning, design, construction, testing and commissioning of the Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link ("the HSR") and the Shatin to Central Link ("the SCL"). As the HKSAR Government is the owner of both the HSR and the SCL, the financing of the development of these two railway lines is borne by the HKSAR Government, with project management fees payable to the Group. **HSR** Pursuant to an agreement entered into with the HKSAR Government on 30 November 2015, the Group will bear and finance project costs for the HSR (including the Group's project management fees) which exceed HK\$84.42 billion and the HKSAR Government reserves the right to refer to arbitration the question of the Group's liability, if any, in respect of the project costs borne and financed by the HKSAR Government which exceed HK\$65 billion up to HK\$84.42 billion. In the event that the Group is found to be liable under the relevant HSR entrustment agreements, the Group's liability for such costs is currently limited to the amount of the project management fees and certain other additional fees received by the Group under the agreements. In September 2018, construction of the HSR was completed following which commercial operations commenced. Based on the information available including the progress of finalising construction contracts, management does not currently believe there is any need to revise further the total project costs of HK\$84.42 billion. No provision for project costs has been made in this respect.	Our audit procedures in relation to railway construction projects under entrustment by the HKSAR Government included the following: • inspecting the minutes of the relevant committees of the Group and discussing with management the current status of the HSR and SCL projects, including the forecast total project costs, assessment of contract claims, estimate of further internal costs to be incurred and the assessment of the financial implications of the projects for the Group; • assessing the design and implementation of management's key internal controls over the project cost assessment; • comparing, on a sample basis, costs incurred during the current year in respect of the HSR and SCL with underlying contracts and interim or final payment certificates; • assessing the provisions made for the Hung Hom Incidents Related Costs and Project Management Costs by inspecting, on a sample basis, the relevant underlying documentation and, where applicable, the actual amounts incurred during the year;

Railway construction projects under entrustment by the HKSAR Government *(continued)*	
Refer to note 22 to the consolidated financial statements and the accounting policies in note 2X *(continued)*	
The Key Audit Matter	**How the matter was addressed in our audit**
SCL Towards the end of the first half of 2018, there were allegations concerning workmanship in relation to the Hung Hom Station extension. Subsequently, the Group advised the HKSAR Government of an insufficiency of construction records and certain construction issues at the Hung Hom North Approach Tunnel, the South Approach Tunnel and the Hung Hom Stabling Sidings. A commission of enquiry ("COI") was set up by the HKSAR Government to investigate, inter-alia, certain construction works at the Hung Hom station extension. A redacted final report from the COI was published in May 2020, in which the COI determined that it is satisfied that, with suitable measures completed, the relevant structures will be safe and fit for purpose. The management considered that the suitable measures for the relevant structures have been completed. The Group announced that it would fund, on an interim and without prejudice basis, certain costs arising from the Hung Hom incidents and certain costs associated with the phased opening of the Tuen Ma Line ("Hung Hom Incidents Related Costs"), which were estimated to be around HK$2 billion in aggregate, and has charged the full amount of such estimate in its consolidated statement of profit or loss for the year ended 31 December 2019. In February 2020, the Group notified the HKSAR Government of the latest estimate of the cost to complete the SCL Project of HK$82,999 million including the additional project management fee payable to the Group of HK$1,371 million, which increased from the original estimate of HK$70,827 million. In June 2020, the Legislative Council approved additional funding amounting to HK$10,801 million sought by the HKSAR Government, which excludes the Hung Hom Incidents Related Costs and the additional project management fee for the Group, and the HKSAR Government has maintained its position of disagreement to any increase in the project management fee. The Group has announced that it would continue to meet, on an interim and without prejudice basis, the costs of complying with its project management obligations under the entrustment agreements, which were estimated to be around HK$1,371 million ("Project Management Costs"), and has charged the full amount of such estimate in its consolidated statement of profit or loss for the year ended 31 December 2020. In May 2022, construction of the SCL was completed following which commercial operations commenced. The above matters are ongoing and the timing of their ultimate resolution and any further financial impact to the Group are highly uncertain at this stage. In the event that the Group is found to be liable under the entrustment agreements, the Group's liability is currently limited to a cap equal to the aggregate fees received by the Group under the relevant SCL agreements. However, such cap could not be relied upon if the Group were, in accordance with general principles of law, found to be liable for any loss that had been caused by the fraudulent or other dishonest conduct of its employees or agents. We identified railway construction projects under entrustment by the HKSAR Government as a key audit matter because the arrangements in respect of these railway projects are highly complex and convey rights and obligations on the Group which could potentially have significant financial implications for the Group.	• holding discussions with management and the Group's external legal advisors to assess the Group's legal obligations and financial exposure in connection with the HSR and SCL projects; and • assessing the disclosures in the consolidated financial statements in relation to the HSR and SCL projects with reference to the requirements of the prevailing accounting standards.

<table>
<tr><th colspan="2">Valuation of investment properties ("IP")</th></tr>
<tr><th colspan="2">Refer to note 20A to the consolidated financial statements and the accounting policies in note 2E(i)</th></tr>
<tr><th>The Key Audit Matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>The fair value of the Group's IP as at 31 December 2024 was HK$96,322 million, with a loss from fair value remeasurement for the year ended 31 December 2024 recorded in the consolidated statement of profit or loss of HK$3,821 million.

The Group's IP, which are mainly located in Hong Kong, principally comprise shopping malls and office premises.

The fair values of the Group's IP were assessed by external property valuers based on independent valuations.

We identified valuation of the Group's IP as a key audit matter because of the significance of IP to the consolidated financial statements and because the determination of the fair values involves significant judgement and estimation, particularly in selecting the appropriate valuation methodology, market yields and market rents.</td><td>Our audit procedures to assess the valuation of the Group's IP included the following:

• obtaining and inspecting the IP valuation reports prepared by the external property valuers;

• evaluating the independence, qualifications, expertise and objectivity of the external property valuers;

• evaluating the valuation methodologies adopted with reference to prevailing accounting standards and those applied by other external property valuers for similar property types;

• holding discussions with management and the external property valuers and challenging the key assumptions and estimates adopted in the valuations, including prevailing market rents and market yields applied by comparing, on a sample basis, the key estimates adopted with comparable available market data with the assistance of our internal valuation specialists; and

• comparing the tenancy information, including occupancy status and market rents, provided by the Group to the external property valuers with underlying contracts and documentation, on a sample basis.</td></tr>
</table>

<table>
<tr><th colspan="2">Assessing impairment of fixed assets other than assets carried at revalued amounts</th></tr>
<tr><th colspan="2">Refer to notes 20B and 21 to the consolidated financial statements and the accounting policies in note 2G(ii)</th></tr>
<tr><th>The Key Audit Matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>The carrying value of the Group's fixed assets other than assets carried at revalued amounts as at 31 December 2024 totalled HK$143,648 million and the related depreciation and amortisation charge for the year ended 31 December 2024 amounted to HK$5,991 million.

The carrying values of these assets are reviewed annually by management for potential indicators of impairment. For assets where such indicators exist, management performs detailed impairment reviews, taking into account, inter alia, the impact of revenue assumptions and technical factors which may affect the expected remaining useful lives and carrying value of the assets.

Shenzhen Metro Line 4 ("SZL4")
In July 2020, the Shenzhen Municipal Government announced that a fare adjustment framework for the Shenzhen Metro network would come into effect on 1 January 2021. The framework was expected to enable the establishment of a mechanism for fare setting and the implementation procedures for fare adjustments.

There has been no increase in SZL4's fare since the operations started in 2010 whilst the operating costs continue to rise. The Group anticipated that the mechanism and procedures for fare adjustments will take longer time to implement and patronage will remain at a lower level for a period of time. Based on the impairment assessment performed by management for the year ended 31 December 2022, impairment losses of HK$962 million were recognised on fixed assets in that year related to the SZL4's service concession assets. As at 31 December 2024, the Group has performed a further impairment review and did not identify any indication of additional impairment or reversal of impairment previously made, based on the latest operating assumptions.

We identified the assessment of impairment of fixed assets other than assets carried at revalued amounts as a key audit matter because the assessment can involve a significant degree of management judgement in determining the key assumptions such as patronage, fare and discount rates.</td><td>Our audit procedures to assess the impairment of fixed assets other than assets carried at revalued amounts included the following:

• discussing indicators of impairment on fixed assets with management, and where such indicators were identified, evaluating management's impairment assessments and the assumptions adopted therein, including patronage and fare assumptions, with reference to the actual patronage levels achieved in the current year, latest developments of fare adjustment mechanism and implementation procedures, future operating plans and broader city specific developments;

• involving our internal valuation specialists to assess the methodology and significant assumptions including discount rates adopted by management in its impairment assessment for SZL4;

• comparing the assumptions adopted in the prior year's impairment assessments with actual results for the current year, investigating significant variances identified and considering the impact on the current year's impairment assessments; and

• performing sensitivity analyses for the discount rates applied and the assumptions for revenue levels adopted and considering the information used to derive the most sensitive assumptions and whether there were any indicators of management bias in their selection.</td></tr>
</table>

Profits tax assessment relating to the Rail Merger

Refer to note 16B to the consolidated financial statements and the accounting policies in note 2V

The Key Audit Matter	How the matter was addressed in our audit
Since the Rail Merger with Kowloon-Canton Railway Corporation (the "Rail Merger") in 2007, the Company has claimed annual Hong Kong Profits Tax deductions in respect of the amortisation of upfront payment and cut-over liabilities, and fixed annual payments ("FAPs") and variable annual payments ("VAPs") relating to the Rail Merger (collectively "the Sums"). The total tax amount in respect of the Sums for the years of tax assessment from 2007/2008 to 2024/2025 amounted to HK$5.8 billion. As of 31 December 2024, deduction of the Sums in the computation of the Company's assessable profits for the years of assessment from 2009/2010 to 2017/2018 was disallowed by the Inland Revenue Department of Hong Kong ("IRD"). On 16 June 2022, the Company lodged a notice of appeal to the Board of Review against the Commissioner of Inland Revenue's determination which confirmed the profits tax assessment and additional profits tax assessment from 2011/12 to 2017/18 (i.e. holding that the Sums are not deductible in the computation of the Company's assessable profits for those years of assessment). In the opening submissions before the Board of Review, the Company decided not to pursue its deduction claims in respect of the amortisation of the upfront payment and the cut-over liabilities. As the Group and the Company had already made the related tax provision for such amounts in the past years, no additional tax provision was required to be made by the Group and the Company. On 6 August 2024, the Board of Review issued its decision ("the Board of Review Decision") and disagreed with the deduction claims of the FAPs and VAPs for the years of assessment from 2011/2012 to 2017/2018, i.e. confirming the relevant profits tax assessment/additional profits tax assessments in respect of the FAPs and VAPs being non-tax deductible. Based on the strength of advice from external legal counsel and its tax advisor after reviewing the Board of Review Decision, 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. The hearing for the application for leave to appeal was held before the Court of First Instance in late February 2025. As at the date of these financial statements, the Court of First Instance has yet to hand down its decision on whether to grant leave to appeal. The Company has conferred with external legal counsel and its tax advisor and the advice obtained is that the Company currently continues to have strong legal grounds to support its position. As such, no additional tax provision has been made. We identified the profits tax assessment relating to the Rail Merger as a key audit matter because of its significance to the Group's consolidated financial statements and the high degree of management judgement in interpreting the applicable tax laws and in assessing the likelihood of the tax position being upheld by the judiciary.	Our audit procedures in relation to the profits tax assessment relating to the Rail Merger included the following: • engaging our internal Hong Kong tax specialists to assist in discussions with management to understand their assessments, reading the correspondence with the IRD and the Board of Review Decision to identify key areas of dispute and assess potential risks, challenging the assumptions, critical judgements, and interpretation of applicable tax laws and technical analyses, and assessing any indication of management bias; • discussing with the Group's internal legal counsels about the status of legal proceedings and reading the opinions from the Group's external legal counsel about their views on the interpretation of applicable tax laws, the likely outcome of material tax dispute in relation to the Rail Merger, and the magnitude of potential exposure, if any; and • evaluating the reasonableness of the accounting and disclosures related to the uncertain tax position with reference to the requirements of the prevailing accounting standards.

Information other than the consolidated financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit & Risk Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit & Risk Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit & Risk Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit & Risk Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Leung Sze Kit Roy.

KPMG

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

6 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December in HK$ million	Note	**2024**	2023
Revenue from Hong Kong transport operations	4	**23,013**	20,131
Revenue from Hong Kong station commercial businesses	5	**5,343**	5,117
Revenue from Hong Kong property rental and management businesses	6	**5,379**	5,079
Revenue from Mainland China and international railway, property rental and management subsidiaries	7	**25,467**	25,955
Revenue from other businesses	8	**809**	700
		60,011	56,982
Revenue from Mainland China property development	7	**–**	–
Total revenue		**60,011**	56,982
Expenses relating to Hong Kong transport operations			
– Staff costs and related expenses	10A	**(7,636)**	(6,917)
– Maintenance and related works		**(2,436)**	(2,387)
– Energy and utilities		**(2,289)**	(2,427)
– General and administration expenses		**(1,039)**	(940)
– Stores and spares consumed		**(729)**	(605)
– Railway support services		**(488)**	(375)
– Government rent and rates		**(192)**	(155)
– Other expenses		**(510)**	(371)
		(15,319)	(14,177)
Expenses relating to Hong Kong station commercial businesses		**(685)**	(560)
Expenses relating to Hong Kong property rental and management businesses		**(1,184)**	(1,063)
Expenses relating to Mainland China and international railway, property rental and management subsidiaries	7	**(23,811)**	(24,883)
Expenses relating to other businesses		**(702)**	(579)
Project study and business development expenses		**(403)**	(397)
		(42,104)	(41,659)
Expenses relating to Mainland China property development	7	**(3)**	(13)
Operating expenses before depreciation, amortisation and variable annual payment	10	**(42,107)**	(41,672)
Operating profit/(loss) before Hong Kong property development, fair value measurement of investment properties, depreciation, amortisation and variable annual payment			
– Arising from recurrent businesses		**17,907**	15,323
– Arising from Mainland China property development		**(3)**	(13)
		17,904	15,310
Hong Kong property development profit from share of surplus, income and interest in unsold properties	12	**12,185**	2,329
(Loss)/gain from fair value measurement of investment properties	13	**(1,703)**	1,386
Operating profit before depreciation, amortisation and variable annual payment		**28,386**	19,025
Depreciation and amortisation	14	**(6,144)**	(6,105)
Provisions for onerous contracts		**–**	(1,022)
Variable annual payment		**(3,025)**	(2,355)
Share of profit of associates and joint ventures	27	**1,340**	1,259
Profit before interest, finance charges and taxation		**20,557**	10,802
Interest and finance charges	15	**(1,032)**	(1,139)
Profit before taxation		**19,525**	9,663
Income tax	16	**(3,458)**	(1,575)
Profit for the year		**16,067**	8,088
Attributable to:			
– Shareholders of the Company		**15,772**	7,784
– Non-controlling interests		**295**	304
Profit for the year		**16,067**	8,088
Profit/(loss) for the year attributable to shareholders of the Company:	9		
– Arising from recurrent businesses			
– in Hong Kong		**5,981**	4,940
– outside Hong Kong		**1,229**	(659)
		7,210	4,281
– Arising from property development			
– in Hong Kong		**10,235**	2,035
– outside Hong Kong		**30**	48
		10,265	2,083
– Arising from underlying businesses		**17,475**	6,364
– Arising from fair value measurement of investment properties		**(1,703)**	1,420
		15,772	7,784
Earnings per share:	18		
– Basic		**HK$2.54**	HK$1.26
– Diluted		**HK$2.54**	HK$1.25

The notes on pages 185 to 266 form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December in HK$ million	Note	**2024**	2023
Profit for the year		**16,067**	8,088
Other comprehensive (loss)/income for the year (after taxation and reclassification adjustments):	19		
Items that will not be reclassified to profit or loss:			
– (Loss)/surplus on revaluation of self-occupied buildings		**(127)**	24
– Remeasurement of net asset/liability of defined benefit schemes		**144**	(194)
		17	(170)
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences on translation of:			
– financial statements of subsidiaries, associates and joint ventures outside Hong Kong		**(762)**	(378)
– non-controlling interests		**(40)**	26
– Cash flow hedges: net movement in hedging reserve		**270**	(608)
		(532)	(960)
		(515)	(1,130)
Total comprehensive income for the year		**15,552**	6,958
Attributable to:			
– Shareholders of the Company		**15,297**	6,628
– Non-controlling interests		**255**	330
Total comprehensive income for the year		**15,552**	6,958

The notes on pages 185 to 266 form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in HK$ million	Note	**At 31 December 2024**	At 31 December 2023
Assets			
Fixed assets			
– Investment properties	20A	**96,322**	98,205
– Other property, plant and equipment	20B	**107,223**	103,721
– Service concession assets	21	**39,645**	36,710
		243,190	238,636
Property management rights		**9**	10
Railway construction in progress	23	**11,375**	4,256
Property development in progress	24A	**42,300**	41,728
Deferred expenditure	25	**64**	378
Interests in associates and joint ventures	27	**13,039**	12,785
Deferred tax assets	40B	**521**	603
Investments in securities	28	**1,952**	862
Properties held for sale	29	**2,422**	1,939
Derivative financial assets	30	**342**	240
Stores and spares	31	**2,421**	2,557
Debtors and other receivables	32	**15,780**	13,756
Amounts due from related parties	33	**6,198**	5,802
Cash, bank balances and deposits	34	**27,886**	22,375
Assets of disposal group classified as held for sale	49	**–**	499
		367,499	346,426
Liabilities			
Short-term loans	35A	**847**	1,379
Creditors, other payables and provisions	36	**69,417**	76,682
Current taxation	40A	**2,909**	1,623
Amounts due to related parties	37	**3,207**	2,614
Loans and other obligations	35A	**76,721**	58,112
Obligations under service concession	38	**9,969**	10,059
Derivative financial liabilities	30	**2,014**	1,710
Loans from holders of non-controlling interests	39	**116**	141
Deferred tax liabilities	40B	**16,166**	15,151
Liabilities of disposal group classified as held for sale	49	**–**	99
		181,366	167,570
Net assets		**186,133**	178,856
Capital and reserves	41		
Share capital		**61,287**	61,083
Shares held for Executive Share Incentive Scheme		**(299)**	(269)
Other reserves		**124,637**	117,530
Total equity attributable to shareholders of the Company		**185,625**	178,344
Non-controlling interests		**508**	512
Total equity		**186,133**	178,856

Approved and authorised for issue by the Members of the Board on 6 March 2025

Rex P K Auyeung
Chairman

Jacob C P Kam
Chief Executive Officer

Michael G Fitzgerald
Finance Director

The notes on pages 185 to 266 form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December in HK$ million	Note	Share capital	Shares held for Executive Share Incentive Scheme	Other reserves: Fixed assets revaluation reserve	Other reserves: Hedging reserve	Other reserves: Employee share-based capital reserve	Other reserves: Exchange reserve	Retained profits	Total equity attributable to shareholders of the Company	Non-controlling interests	Total equity
2024											
Balance as at 1 January 2024		**61,083**	**(269)**	**3,848**	**(522)**	**178**	**(1,662)**	**115,688**	**178,344**	**512**	**178,856**
Changes in equity for the year ended 31 December 2024:											
– Profit for the year		**–**	**–**	**–**	**–**	**–**	**–**	**15,772**	**15,772**	**295**	**16,067**
– Other comprehensive (loss)/ income for the year	19	**–**	**–**	**(127)**	**270**	**–**	**(762)**	**144**	**(475)**	**(40)**	**(515)**
– Total comprehensive (loss)/ income for the year		**–**	**–**	**(127)**	**270**	**–**	**(762)**	**15,916**	**15,297**	**255**	**15,552**
– Amounts transferred from hedging reserve to initial carrying amount of hedged items		**–**	**–**	**–**	**(1)**	**–**	**–**	**–**	**(1)**	**–**	**(1)**
– 2023 final ordinary dividend	17	**–**	**–**	**–**	**–**	**–**	**–**	**(5,533)**	**(5,533)**	**–**	**(5,533)**
– Shares issued in respect of scrip dividend of 2023 final ordinary dividend	41A	**202**	**(3)**	**–**	**–**	**–**	**–**	**3**	**202**	**–**	**202**
– 2024 interim ordinary dividend	17	**–**	**–**	**–**	**–**	**–**	**–**	**(2,614)**	**(2,614)**	**–**	**(2,614)**
– Shares purchased for Executive Share Incentive Scheme	41B	**–**	**(207)**	**–**	**–**	**–**	**–**	**–**	**(207)**	**–**	**(207)**
– Vesting and forfeiture of award shares of Executive Share Incentive Scheme	41B	**2**	**180**	**–**	**–**	**(176)**	**–**	**(6)**	**–**	**–**	**–**
– Employee share-based payments		**–**	**–**	**–**	**–**	**137**	**–**	**–**	**137**	**–**	**137**
– Equity contributions from holders of non-controlling interests		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**6**	**6**
– Dividends to holders of non-controlling interests		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(265)**	**(265)**
Balance as at 31 December 2024		**61,287**	**(299)**	**3,721**	**(253)**	**139**	**(2,424)**	**123,454**	**185,625**	**508**	**186,133**
2023											
Balance as at 1 January 2023		60,547	(262)	3,824	87	146	(1,284)	116,228	179,286	626	179,912
Changes in equity for the year ended 31 December 2023:											
– Profit for the year		–	–	–	–	–	–	7,784	7,784	304	8,088
– Other comprehensive income/ (loss) for the year	19	–	–	24	(608)	–	(378)	(194)	(1,156)	26	(1,130)
– Total comprehensive income/ (loss) for the year		–	–	24	(608)	–	(378)	7,590	6,628	330	6,958
– Amounts transferred from hedging reserve to initial carrying amount of hedged items		–	–	–	(1)	–	–	–	(1)	–	(1)
– 2022 final ordinary dividend	17	–	–	–	–	–	–	(5,520)	(5,520)	–	(5,520)
– Shares issued in respect of scrip dividend of 2022 final ordinary dividend	41A	438	(2)	–	–	–	–	2	438	–	438
– 2023 interim ordinary dividend	17	–	–	–	–	–	–	(2,610)	(2,610)	–	(2,610)
– Shares issued in respect of scrip dividend of 2023 interim ordinary dividend	41A	97	–	–	–	–	–	–	97	–	97
– Shares purchased for Executive Share Incentive Scheme	41B	–	(93)	–	–	–	–	–	(93)	–	(93)
– Vesting and forfeiture of award shares of Executive Share Incentive Scheme	41B	1	88	–	–	(87)	–	(2)	–	–	–
– Employee share-based payments		–	–	–	–	119	–	–	119	–	119
– Equity contributions from holders of non-controlling interests		–	–	–	–	–	–	–	–	125	125
– Dividends to holders of non-controlling interests		–	–	–	–	–	–	–	–	(569)	(569)
Balance as at 31 December 2023		61,083	(269)	3,848	(522)	178	(1,662)	115,688	178,344	512	178,856

The notes on pages 185 to 266 form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December in HK$ million	Note	**2024**		2023	
Cash flows from operating activities					
Cash generated from operations	42	**19,741**		13,471	
Purchase of tax reserve certificates		**(60)**		(57)	
Current tax paid					
– Hong Kong Profits Tax paid		**(762)**		(1,975)	
– Tax paid outside Hong Kong		**(428)**		(242)	
Net cash generated from operating activities			**18,491**		11,197
Cash flows from investing activities					
Capital expenditure					
– Purchase of assets for Hong Kong transport and related operations		**(11,486)**		(8,463)	
– Hong Kong railway extension projects		**(5,817)**		(2,309)	
– Investment property projects and fitting out work		**(666)**		(1,250)	
– Shenzhen Metro Line 13 Phase 1 project		**(1,310)**		(429)	
– Other capital projects		**(137)**		(125)	
		(19,416)		(12,576)	
Fixed and variable annual payments		**(3,105)**		(1,073)	
Receipts in respect of property development		**3,007**		7,109	
Payments in respect of property development		**(1,259)**		(1,007)	
Decrease/(increase) in bank deposits with more than three months to maturity when placed or pledged, and structured bank deposits		**750**		(907)	
Dividends and distributions received from associates		**639**		577	
Investments in associates and joint ventures		**(73)**		(52)	
(Purchase)/redemption of investments in securities		**(1,154)**		203	
Others		**344**		2	
Net cash used in investing activities			**(20,267)**		(7,724)
Cash flows from financing activities					
Purchase of shares for Executive Share Incentive Scheme		**(207)**		(93)	
Proceeds from loans and capital market instruments		**45,842**		74,057	
Repayment of loans, capital market instruments and others		**(27,405)**		(62,179)	
Interest and finance charges paid		**(2,497)**		(1,869)	
Interest received		**1,177**		563	
Capital element of lease rentals paid		**(189)**		(567)	
Equity contributions from holders of non-controlling interests		**6**		125	
Repayment of loan from holders of non-controlling interests		**(13)**		–	
Dividends paid to shareholders of the Company		**(7,946)**		(7,595)	
Dividends paid to holders of non-controlling interests		**(265)**		(569)	
Net cash generated from financing activities			**8,503**		1,873
Net increase in cash and cash equivalents			**6,727**		5,346
Cash and cash equivalents at 1 January			**15,575**		10,241
Effect of exchange rate changes			**(466)**		82
Cash and cash equivalents reclassified as disposal group held for sale	49		**–**		(94)
Cash and cash equivalents at 31 December	34		**21,836**		15,575

The notes on pages 185 to 266 form part of the consolidated financial statements.

1 Statement of Compliance

These financial statements have been prepared in compliance with the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). These financial statements have also been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The HKFRSs are fully converged with International Financial Reporting Standards in all material respects. Material accounting policies adopted by the Group is set out in note 2.

The HKICPA has issued a number of amendments to HKFRSs that are first effective or available for early adoption for accounting periods beginning on or after 1 January 2024. None of these have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period (note 52).

2 Material Accounting Policies

A Basis of Preparation of the Consolidated Financial Statements

(i) The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- investment properties (note 2E(i));
- self-occupied buildings (note 2E(ii));
- investments in securities (note 2M); and
- derivative financial instruments (note 2T).

(ii) The preparation of the consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenditure. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements and estimations about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the consolidated financial statements and estimates are discussed in note 51.

B Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and joint ventures (note 2D) made up to 31 December each year. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss from or to the date of their acquisition or disposal, as appropriate.

C Subsidiaries and Non-controlling Interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group or other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised profits, but only to the extent that there is no evidence of impairment.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in the consolidated statement of profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or a joint venture (note 2D).

Investments in subsidiaries are carried in the Company's statement of financial position at cost less any impairment losses (note 2G(ii)).

2 Material Accounting Policies *(continued)*

D Associates and Joint Ventures

An associate is an entity over which the Group or the Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or the Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements of the Group using the equity method and is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the investees' net assets and any impairment loss relating to the investment (note 2G(ii)). At each reporting date, the Group assesses whether there is any objective evidence that the investment is impaired. The Group's share of the post-acquisition post-tax results of the investees and any impairment losses for the year is recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition items of the investees' other comprehensive income is recognised in the consolidated statement of comprehensive income.

When the Group's share of losses equals or exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest in the investee is the carrying amount of the investment under the equity method together with any other long-term interests that in substance form part of the Group's net investment in the associate or the joint venture (after applying the expected credit losses ("ECL") model to such other long-term interests where applicable (note 2G(i)).

Unrealised profits and losses resulting from transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in the consolidated statement of profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in the consolidated statement of profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

In the Company's statement of financial position, investments in associates and joint ventures are stated at cost less impairment losses (note 2G(ii)).

E Fixed Assets

(i) Investment Properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation. These include properties that are being constructed or developed for future use as investment properties.

Investment properties are stated at fair value as measured semi-annually by independent professionally qualified valuers. Gains or losses arising from changes in the fair value are recognised in the consolidated statement of profit or loss in the period in which they arise.

(ii) Other Property, Plant and Equipment

Leasehold land registered and located in the Hong Kong Special Administrative Region is stated at cost less accumulated depreciation and impairment losses (notes 2H and 2G(ii)). Self-occupied leasehold buildings where the Group is the registered owner of the property interest are stated at their fair value at the date of revaluation less any subsequent accumulated depreciation (note 2H). Revaluations are performed by independent professionally qualified valuers semi-annually, with changes in the fair value arising on revaluations recorded as movements in the fixed assets revaluation reserve, except:

(a) where the balance of the fixed assets revaluation reserve relating to a self-occupied leasehold building is insufficient to cover a revaluation deficit of that property, the excess of the deficit is charged to the consolidated statement of profit or loss; and

(b) where a revaluation deficit had previously been charged to the consolidated statement of profit or loss and a revaluation surplus subsequently arises, this surplus is firstly credited to the consolidated statement of profit or loss to the extent of the deficit previously charged to the consolidated statement of profit or loss, and thereafter taken to the fixed assets revaluation reserve.

Civil works and plant and equipment, including right-of-use assets arising from freehold or leasehold properties where the Group is not the registered owner of the property interest, and right-of-use assets arising from leases of underlying plant and equipment are stated at cost less accumulated depreciation and impairment losses (notes 2H and 2G(ii)).

2 Material Accounting Policies *(continued)*

E Fixed Assets *(continued)*

Assets under construction include capital works on operating railway and are stated at cost less impairment losses (note 2G(ii)). Cost comprises direct costs of construction, such as materials, staff costs and overheads, together with interest expense capitalised during the period of construction or installation and testing. The cost of abnormal amounts of wasted material, labour, or other resources incurred is not included in the costs of the asset and charged as an expense in the consolidated statement of profit or loss when incurred. Capitalisation of these costs ceases and the asset concerned is transferred to the appropriate fixed assets category when substantially all the activities necessary to prepare the asset for its intended use are completed.

In the event any assets under construction are no longer held for use and it is not probable that future economic benefits associated with these assets will flow to the Group, the associated cost capitalised by then will be charged to profit or loss in the reporting period when such conditions met.

(iii) Service Concession Assets

Where the Group enters into service concession arrangements under which the Group acquires the right to access, use and operate certain assets for the provision of public services, upfront payments and expenditure directly attributable to the acquisition of the service concession up to inception of the service concession are capitalised as service concession assets and amortised on a straight-line basis over the period of the service concession. Annual payments over the period of the service concession with the amounts fixed at inception are capitalised at their present value, calculated using the incremental long term borrowing rate determined at inception as the discount rate, as service concession assets and amortised on a straight-line basis over the period of the service concession, with a corresponding liability recognised as obligations under service concession. Annual payments for the service concession which are not fixed or determinable at inception and are contingent on future revenue are charged to the consolidated statement of profit or loss in the period when incurred.

Where the Group enters into service concession arrangements under which the Group constructs, uses and operates certain assets for the provision of public services, construction revenue and costs are recognised in the consolidated statement of profit or loss by reference to the stage of completion at the end of the reporting period while the fair value of construction service is capitalised initially as service concession assets in the consolidated statement of financial position and amortised on a straight-line basis over the shorter of the assets' useful lives and the period in which the service concession assets are expected to be available for use by the Group.

Expenditure for assets subject to service concession is capitalised and amortised on a straight-line basis at rates sufficient to write off their cost less their estimated residual value, if any, over the shorter of the assets' useful lives and the remaining period in which the service concession assets are expected to be available for use by the Group.

Service concession assets are carried at cost less accumulated amortisation and impairment losses, if any (notes 2H and 2G(ii)).

(iv) Subsequent Expenditure and Gains or Losses on Retirement or Disposal

Subsequent expenditure relating to the replacement and/or upgrade of certain parts of an existing asset is recognised in the carrying amount of the asset if it is probable that future economic benefit will flow to the Group and the cost of the item can be measured reliably. The carrying amount of those parts that are replaced is derecognised, with any gain or loss arising therefrom being dealt with in the consolidated statement of profit or loss.

Expenditure on repairs or maintenance of an existing asset to restore or maintain the originally assessed standard of performance of that asset is charged as an expense in the consolidated statement of profit or loss when incurred.

Gains or losses arising from the retirement or disposal of an asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset. Such gains or losses are recognised as income or expense in the consolidated statement of profit or loss on the date of retirement or disposal. Any related revaluation surplus is transferred from the fixed assets revaluation reserve to retained profits and is not re-classified to consolidated statement of profit or loss.

2 Material Accounting Policies *(continued)*

F Leased Assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a Lessee

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (notes 2H and 2G(ii)), except for the following types of right-of-use asset:

– right-of-use assets that meet the definition of investment property are carried at fair value in accordance with note 2E(i);
– right-of-use assets related to self-occupied leasehold buildings where the Group is the registered owner of the leasehold interest are carried at fair value in accordance with note 2E(ii); and
– right-of-use assets related to interests in leasehold land where the interest in the land is held as inventory are carried at the lower of cost and net realisable value in accordance with note 2L.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") and that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

(ii) As a Lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with note 2Y(ii).

G Impairment of Assets

(i) Credit Losses from Financial Instruments, Contract Assets and Lease Receivables

For the Group's trade receivables, contract assets and lease receivables, the Group recognises a loss allowance for ECL which is measured at an amount equal to "lifetime ECLs" (which are the losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies). For the Group's other financial assets measured at amortised cost, the loss allowance is measured at an amount equal to "12-month ECLs" (which are losses that are expected to result from possible default events within the 12 months after the reporting date) unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to "lifetime ECLs". Financial assets measured at fair value are not subject to the ECL assessment.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

2 Material Accounting Policies *(continued)*

G Impairment of Assets *(continued)*

(ii) Impairment of Other Assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- fixed assets (including right-of-use assets and service concession assets but other than assets carried at revalued amounts);
- property management rights;
- goodwill;
- railway construction in progress;
- deferred expenditure; and
- investments in subsidiaries, associates and joint ventures.

If any such indication exists, the asset's recoverable amount is estimated. In addition, the recoverable amount for goodwill is estimated annually whether or not there is any indication of impairment.

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

An impairment loss is recognised in the consolidated statement of profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount of the asset. An impairment loss in respect of goodwill is not reversed.

A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the consolidated statement of profit or loss in the year in which the reversals are recognised.

H Depreciation and Amortisation

(i) Investment properties are not depreciated.

(ii) Fixed assets other than investment properties (note 2E(i)), assets under construction (note 2H(iii)) and service concession assets which are amortised over the entire or remaining period of the service concession (note 2E(iii)) are depreciated or amortised on a straight-line basis at rates sufficient to write off their cost or valuation, less their estimated residual value, if any, over their estimated useful lives as follows:

- Land and Buildings

Self-occupied buildings	the shorter of 50 years and the unexpired term of the lease
Leasehold land	the unexpired term of the lease

- Civil Works

Excavation and boring	Indefinite
Tunnel linings, underground civil structures, overhead structures and immersed tubes	100 years
Station building structures	100 years
Depot structures	80 years
Kiosk structures	20 – 30 years
Cableway station tower and theme village structures	27 – 30 years

2 Material Accounting Policies *(continued)*

H Depreciation and Amortisation *(continued)*

- Plant and Equipment

Rolling stock and components	3 – 42 years
Platform screen doors	10 – 35 years
Rail track	7 – 60 years
Environmental control systems, lifts and escalators, fire protection and drainage system	5 – 45 years
Power supply systems	5 – 40 years
Aerial ropeway and cabin	10 – 27 years
Automatic fare collection systems, metal station kiosks, and other mechanical equipment	9 – 25 years
Train control and signalling equipment, station announcement systems, telecommunication systems and advertising panels	5 – 35 years
Station architectural finishes	20 – 30 years
Fixtures and fittings	10 – 25 years
Maintenance equipment	10 – 40 years
Office furniture and equipment	5 – 15 years
Computer software licences and applications	5 – 10 years
Computer equipment	3 – 5 years
Cleaning equipment and tools	5 years
Motor vehicles	5 – 12 years

Where parts of an item of property, plant and equipment have different useful lives, each part is depreciated or amortised separately. The useful lives of the various categories of fixed assets are reviewed annually in the light of actual asset condition, usage experience and the current asset replacement programme.

(iii) No depreciation or amortisation is provided on assets under construction until the construction is completed and the assets are ready for their intended use.

I Construction Costs of Railway Construction Projects

(i) Costs incurred by the Group in respect of proposed railway related construction projects (including consultancy fees, in-house staff costs and overheads) are dealt with as follows:

- where the proposed projects are at a preliminary review stage and are not yet considered probable of materialising, the costs concerned are charged to the consolidated statement of profit or loss; and

- where the proposed projects are at a detailed study stage, having been supported by a feasible financial plan, the costs concerned are recorded as deferred expenditure until such time as a project agreement is reached, whereupon the costs are transferred to railway construction in progress which is stated at cost less impairment losses (note 2G(ii)). In the event the project agreement cannot be reached and the costs concerned are not considered recoverable, the costs concerned are charged to the consolidated statement of profit or loss immediately.

(ii) After entering into a project agreement, all costs (including construction costs, consultancy fees, inhouse staff costs and overhead) incurred in the construction of the railway are dealt with as railway construction in progress which is stated at cost less impairment losses (note 2G(ii)). Upon commissioning of the railway line, the relevant costs are transferred to fixed assets (note 2E).

J Joint Operations

A joint operation is an arrangement whereby the Group and other parties contractually agree to share control of the arrangement, and have rights to the assets, and obligations for the liabilities, relating to the arrangement. The Group recognises its interest in the joint operation by combining the assets, liabilities, revenues and expenses relating to its interest with similar items on a line by line basis. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The arrangements entered into by the Group with developers for Hong Kong property development without establishing separate entities are considered to be joint operations in accordance with HKFRS 11, *Joint Arrangements*. Under the development arrangements, the Group is normally responsible for its own costs, including in-house staff costs and the costs of enabling works, and the developers normally undertake to pay for all other project costs such as land premium (or such remaining portion as not already paid by the Group), construction costs, professional fees, etc. In respect of its interests in such operations, the Group accounts for the purchase costs of development rights, costs of enabling works (including any interest accrued) and land costs (including any land premiums) incurred net of payments or distributions of the assets received as property development in progress. In cases where payments or distributions of the assets received from developers exceed the related expenditures incurred by the Group, such excess is recorded as deferred income. Expenses incurred by the Group on staff, overhead and consultancy fees in respect of these developments are also capitalised as property development in progress. The Group's share of profits earned from such operations is recognised in the consolidated statement of profit or loss on the basis of note 2K(iii) after netting off any related balance in property development in progress at that time.

2 Material Accounting Policies *(continued)*

K Property Development

(i) Property development in progress comprise costs incurred by the Group in respect of site preparation, land costs, acquisition of development rights, aggregate cost of development, borrowing costs capitalised, provisions and other direct expenses, and are stated initially at their cost and subsequently carried at the lower of cost and net realisable value. Net realisable value represents the estimated selling price as determined by reference to management estimates based on prevailing market conditions less estimated costs of completion and costs to be incurred in selling the property.

(ii) Payments or distributions of the assets received from developers in respect of Hong Kong property developments under joint operations arrangement are offset against the amounts in property development in progress attributable to that development. Payments or distributions of the assets received from developers in excess of the balance in property development in progress are transferred to deferred income which is included in the consolidated statement of financial position under "Creditors, other payables and provisions". In these cases, further costs subsequently incurred by the Group in respect of that development are charged against deferred income.

(iii) Profits arising from the development of properties in Hong Kong undertaken under joint operations arrangement are recognised in the consolidated statement of profit or loss as follows:

- where the Group receives payments from developers in excess of the balance in property development in progress (i.e. resulting in deferred income), profits arising from such payments are recognised when the foundation and site enabling works are complete and acceptable for development, and after taking into account the outstanding risks and obligations, if any, retained by the Group in connection with the development;
- where the Group receives distributions of the assets of the developments in excess of the balance in property development in progress (i.e. resulting in deferred income), profit is recognised based on the fair value of such assets at the time of receipt, and after taking into account the outstanding risks and obligations, if any, retained by the Group in connection with the development; and
- where the Group receives a right to a share of the net surplus from the development, the Group's share of the profit is initially recognised once the amounts of revenue (including the fair value of any unsold properties) and costs for the development as a whole can be estimated reliably. The Group's interest in any unsold properties is subsequently remeasured on a basis consistent with the policy set out in note 2L and included within properties held for sale.

Upon recognition of profit, property development in progress relating to that development is charged to the consolidated statement of profit or loss, if any. Deferred income arising from the outstanding risks and obligations retained by the Group in connection with the development is included in the consolidated statement of financial position under "Creditors, other payables and provisions". The outstanding risks and obligations retained by the Group in connection with the development will be reassessed at the end of each reporting period. Any reduction in the amount of outstanding risks and obligations will be accounted for as a decrease in deferred income and a corresponding profit in that reporting period.

(iv) Revenue arising from sales of properties not under joint operations arrangement is recognised when the legal assignment is completed, which is the point in time when the purchaser has the ability to direct the use of the properties and obtain substantially all of the remaining benefits of the properties. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the consolidated statement of financial position under "Creditors, other payables and provisions".

(v) Where costs are incurred for the construction and/or the related fitting out costs for the properties under construction to be received from a development, those costs are initially capitalised in deferred expenditure before the receipt of such properties, and subsequently recognised as the respective assets upon receipt.

L Properties Held for Sale

Where properties are held for sale, those properties are stated initially at their cost and subsequently carried at the lower of cost and net realisable value.

For those properties in Hong Kong, cost represents the fair value, as determined by reference to an independent open market valuation, upon the recognition of profits arising from the development as set out in note 2K(iii).

For those properties in Mainland China, cost is determined by the apportionment of the development costs attributable to the unsold properties.

Net realisable value represents the estimated selling price less costs to be incurred in selling the properties.

The amount of any write-down of properties to net realisable value is recognised as an expense in the period the write-down occurs. The amount of any reversal of any write-down of properties arising from an increase in net realisable value is recognised as a reduction in the cost of properties sold in the period in which the reversal occurs.

When properties held for sale are sold, the carrying amount of those properties is recognised in the consolidated statement of profit or loss.

2 Material Accounting Policies *(continued)*

M Investments in Securities

Investments in securities (other than investments in subsidiaries, associates and joint ventures) are classified as at fair value through profit or loss. Changes in the fair value of the investments (including interest) are recognised in profit or loss.

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investments. Profit or loss on disposal of investments in securities are determined as the difference between the net disposal proceeds and the carrying amount of the investments and are accounted for in the consolidated statement of profit or loss as they arise.

N Stores and Spares

Stores and spares used for business operation are categorised as either revenue or capital. Revenue spares are stated at cost, using the weighted average cost method and are recognised as expenses in the period in which the consumption occurs. Provision is made for obsolescence where appropriate. Capital spares are included in fixed assets and stated at cost less accumulated depreciation and impairment losses (note 2H and 2G(ii)). Depreciation is charged at the rates applicable to the relevant fixed assets against which the capital spares are held in reserve.

O Contract Assets and Contract Liabilities

A contract asset is recognised when the Group recognises revenue (note 2Y) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECL in accordance with the policy set out in note 2G(i) and are reclassified to receivables when the right to the consideration has become unconditional (note 2Q).

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (note 2Y). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (note 2Q).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (note 2Z).

P Cash and Cash Equivalents

Cash and cash equivalents comprise cash at banks and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments that are readily convertible into known amounts of cash and subject to an insignificant risk of changes in value with a maturity at acquisition within three months. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

Q Debtors and Other Receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset (note 2O). Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (note 2G(i)).

R Interest-bearing Borrowings

Interest-bearing borrowings are measured initially at fair value net of transaction costs incurred. The interest-bearing borrowings not subject to fair value hedges are subsequently stated at amortised costs using effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for interest and finance charges (note 2Z).

Subsequent to initial recognition, the carrying amount of interest-bearing borrowings subject to fair value hedges is remeasured and the change in fair value attributable to the risk being hedged is recognised in the consolidated statement of profit or loss to offset the effect of the gain or loss on the related hedging instrument.

S Creditors and Other Payables

Creditors and other payables are stated at amortised cost if the effect of discounting would be material, otherwise they are stated at cost.

T Derivative Financial Instruments and Hedging Activities

The Group uses derivative financial instruments such as interest rate swaps and currency swaps to manage its interest rate and foreign exchange exposure. Based on the Group's policies, these instruments are used solely for reducing or eliminating financial risks associated with the Group's investments and liabilities and not for trading or speculation purposes.

Derivatives are recognised at fair value and are remeasured at their fair value at the end of each reporting period. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and the nature of the item being hedged.

2 Material Accounting Policies *(continued)*

T Derivative Financial Instruments and Hedging Activities *(continued)*

Where hedge accounting applies, the Group designates derivatives employed as either: (1) a fair value hedge: to hedge the fair value of recognised liabilities; (2) a cash flow hedge: to hedge the variability in cash flows of a recognised liability or the foreign currency risk of a firm commitment; or (3) a hedge of a net investment: to hedge the variability in cash flows of a monetary item that is receivable from or payable to a foreign operation where the settlement for the monetary item is neither planned nor likely to occur in foreseeable future.

(i) Fair Value Hedge

Changes in the fair value of derivatives that are designated and qualified as fair value hedges are recorded in the consolidated statement of profit or loss, together with any changes in the fair value of the hedged assets or liabilities that are attributable to the hedged risk.

(ii) Cash Flow Hedge

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognised in other comprehensive income which is accumulated separately in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated statement of profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity are transferred to the consolidated statement of profit or loss in the periods when the hedged item is recognised in the consolidated statement of profit or loss. However, when the transaction in respect of the hedged item results in the recognition of a non-financial asset or liability, the associated gains and losses that were previously recognised in other comprehensive income and accumulated in equity are transferred from equity and included in the initial cost or carrying amount of the non-financial asset or liability.

When a hedging instrument expires or is sold, terminated or exercised, or the Group revokes designation of the hedge relationship but the transaction in respect of the hedged item is still expected to occur, the cumulative gain or loss existing in equity at that time remains in equity until the transaction occurs and it is recognised in accordance with the above policy. However, if the transaction in respect of the hedged item is no longer expected to occur, the gain or loss accumulated in equity is immediately transferred to the consolidated statement of profit or loss.

(iii) Hedge of a Net Investment

The effective portion of changes in the fair value of derivatives that are designated and qualified as hedges of net investments in foreign operations is recognised in other comprehensive income which is accumulated separately in equity in the exchange reserve. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated statement of profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity are transferred to the consolidated statement of profit or loss as a reclassification adjustment on the disposal or partial disposal of the foreign operation.

(iv) Derivatives that do not qualify for Hedge Accounting

Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the consolidated statement of profit or loss.

U Employee Benefits

(i) Salaries, annual leave, other allowances, contributions to defined contribution retirement schemes, including contributions to Mandatory Provident Funds ("MPF") as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance, and other costs of non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group. Where these benefits are incurred for staff relating to construction projects, capital works and property developments, they are capitalised as part of the cost of the qualifying assets. In other cases, they are recognised as expenses in the consolidated statement of profit or loss as incurred.

(ii) The Group's net obligation from defined benefit plans includes defined benefit retirement schemes operated or participated by the Group and long service payment ("LSP") under the Hong Kong Employment Ordinance. The amount is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior years and discounting that amount. For defined benefit retirement schemes' obligation, the amount is estimated after deducting the fair value of scheme assets. For LSP obligation, the estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group's mandatory contributions to the retirement schemes that have been vested with employees, which are deemed to be contributions from the relevant employees.

The calculation of net obligation from defined benefit plans is performed by a qualified actuary using the Projected Unit Credit Method. For defined benefit retirement schemes, when the calculation results in a benefit to the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the scheme or reductions in future contributions to the scheme. Service cost and net interest expense/income on the net defined benefit liability/asset are recognised either as an expense in the consolidated statement of profit or loss, or capitalised as part of the cost of the relevant construction projects, capital works or property developments, as the case may be. Current service cost is measured as the increase in the present value of the defined benefit obligation resulting from employee service in the current period. Net interest expense/income for the period is determined by applying the discount rate used to measure the defined benefit obligation at the beginning of the reporting period to the net defined benefit liability/asset. The discount rate is the yield at the end of the reporting period on high quality corporate bonds that have maturity dates approximating the weighted average duration of the scheme's obligations.

2 Material Accounting Policies *(continued)*

U Employee Benefits *(continued)*

When the benefits of a plan are changed, or when a plan is curtailed, current service cost for the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognised as an expense in the consolidated statement of profit or loss or capitalised at the earlier of when the scheme amendment or curtailment occurs and when related restructuring costs or termination benefits are recognised.

Remeasurements arising from defined benefit plans are recognised in other comprehensive income and reflected immediately in retained profits. Remeasurements comprise of actuarial gains and losses, the return on scheme assets in defined benefit retirement schemes (excluding amounts included in net interest on the net defined benefit liability/asset) and any change in the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability/asset).

(iii) Equity-settled share-based payments are measured at fair value at the date of grant. For award shares under the Executive Share Incentive Scheme, the amounts to be expensed as staff costs are determined by reference to the fair value of the award shares granted, taking into account all non-vesting conditions associated with the grants. The total expense is recognised over the relevant vesting periods, with a corresponding credit to the employee share-based capital reserve under equity.

For those award shares which are amortised over the vesting periods, the Group reviews its estimates of the number of award shares that are expected to ultimately vest based on the vesting conditions at the end of each reporting period. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to consolidated statement of profit or loss in the year of the review, with a corresponding adjustment to the employee share-based capital reserve. Upon vesting of award shares, the related costs of the vested award shares purchased from the market (the "purchased shares") and shares received in relation to scrip dividend and shares purchased from the proceeds of cash ordinary dividends received (the "ordinary dividend shares") are credited to Shares held for Executive Share Incentive Scheme, with a corresponding decrease in employee share-based capital reserve for the purchased shares, and decrease in retained profits for the ordinary dividend shares.

(iv) For cash-settled share-based payments, a liability equal to the portion of the services received is recognised at the fair value of the shares determined at the end of each reporting period.

(v) Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

V Income Tax

(i) Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Income tax is recognised in the consolidated statement of profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or directly in equity respectively.

(ii) Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

(iii) Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets also arise from unused tax losses and unused tax credits. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are generally recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and does not give rise to equal taxable and deductible temporary differences (provided they are not part of a business combination). Deferred tax is not recognised for those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the OECD.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interests in associates and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 2E(i), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the end of the reporting period unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

2 Material Accounting Policies *(continued)*

W Financial Guarantee Contracts

Financial guarantees are contracts that require the issuer to make specified payments to reimburse the holder of the guarantee for a loss it incurs because a specified debtor fails to make payment to the holder when due in accordance with the original or modified terms of a debt instrument.

When the Group issues a financial guarantee, where the effect is material, the fair value of the guarantee, after netting off any consideration received or receivable at inception, is initially debited to the consolidated statement of profit or loss and recognised as deferred income within creditors, other payables and provisions. The fair value of financial guarantees issued at the time of issuance is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made.

The amount of the guarantee initially recognised as deferred income is amortised in the consolidated statement of profit or loss over the term of the guarantee as income from financial guarantees issued.

The Group monitors the risk that the specified debtor will default on the contract and recognises a provision when ECLs on the financial guarantees are determined to be higher than the amount carried in creditors, other payables and provisions in respect of the guarantees (i.e. the amount initially recognised, less accumulated amortisation). To determine ECLs, the Group considers changes in the risk of default of the specified debtor since the issuance of the guarantee. A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured. The same definition of default and the same assessment of significant increase in credit risk as described in note 2G(i) apply.

As the Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the Group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

X Provisions, Contingent Liabilities and Onerous Contracts

(i) Provisions and Contingent Liabilities

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(ii) Onerous Contracts

An onerous contract exists when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental cost of fulfilling the obligation under that contract and an allocation of other costs that relate directly to fulfilling that contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

2 Material Accounting Policies *(continued)*

Y Revenue Recognition

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts. Further details of the Group's revenue and other income recognition policies are as follows:

(i) Fare revenue is recognised when the journey is provided.

(ii) Rental income from investment properties, station kiosks and other railway premises under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased assets. Lease incentives granted are recognised in the consolidated statement of profit or loss as an integral part of the aggregate net lease payments receivable. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

(iii) Contract revenue is recognised when the outcome of a consultancy, construction or service contract can be estimated reliably. Contract revenue is recognised progressively over-time using the cost-to-cost method, i.e. based on the proportion of the actual costs incurred relative to the estimated total costs. When the outcome of a consultancy, construction or service contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that are expected to be recovered.

(iv) Income from other railway and station commercial businesses, property management, railway franchises and service concessions are recognised when the services are provided.

Z Interest and Finance Charges

Interest income and expense directly attributable to the financing of capital projects prior to their completion or commissioning are capitalised. Exchange differences arising from foreign currency borrowings relating to the acquisition of assets are capitalised to the extent that they are regarded as an adjustment to capitalised interest costs. Interest expense attributable to other purposes is charged to the consolidated statement of profit or loss.

Finance charges on lease liabilities are charged to the consolidated statement of profit or loss over the period of the lease so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

AA Foreign Currency Translation

Foreign currency transactions during the year are translated into Hong Kong dollars and recorded at exchange rates ruling at the transaction dates. Foreign currency monetary assets and liabilities are translated into Hong Kong dollars at the exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in the consolidated statement of profit or loss.

The results of foreign entities are translated into Hong Kong dollars at the average exchange rates for the year. Statement of financial position items are translated into Hong Kong dollars at the closing exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the exchange reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. On disposal of a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation that have been attributed to the non-controlling interests shall be derecognised, but shall not be reclassified to profit or loss. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

AB Segment Reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of businesses and operations in different geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of services and products, the type or class of customers, the methods used to provide the services or distribute the products, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2 Material Accounting Policies *(continued)*

AC Related Parties

For the purposes of these financial statements, a person, or a close member of that person's family, is related to the Group if that person has control, joint control or significant influence over the Group, or is a member of the key management personnel of the Group.

An entity is related to the Group if (i) the entity and the Group are members of the same group; (ii) the entity is an associate or joint venture of the Group; (iii) the entity is a post-employment benefit scheme for the benefit of employees of the Group or of any entity that is a related party of the Group; (iv) an individual who is a related party of the Group has control or joint control over that entity; (v) a person, or a close member of that person's family, who has control or joint control over the Group, has significant influence over the entity or is a member of the key management personnel of that entity; or (vi) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

AD Government Grants

Government grants are assistance by governments in the form of transfer of resources in return for the Group's compliance with the conditions attached thereto. Government grants which represent compensation for the cost of an asset are deducted from the cost of the asset in arriving at its carrying value to the extent of the amounts received and receivable as at the end of the reporting period. Government grants which represent compensation for expenses or losses are deducted from the related expenses. Any excess of the amount of grant received or receivable over the cost of the asset or the expenses or losses at the end of the reporting period are carried forward as advance receipts or deferred income to set off against the future cost of the asset or future expenses or losses.

AE Disposal Group Held for Sale

Disposal group comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Disposal groups are generally measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognised in profit or loss. Once classified as held for sale, property, plant and equipment are no longer depreciated.

3 Rail Merger with Kowloon-Canton Railway Corporation and Operating Arrangements for the High Speed Rail and the Shatin to Central Link

A Rail Merger

On 2 December 2007 (the "Appointed Day"), the Company's operations merged with those of Kowloon-Canton Railway Corporation ("KCRC") (the "Rail Merger"). The structure and key terms of the Rail Merger were set out in a series of transaction agreements entered into between, inter alia, the Government of the Hong Kong Special Administrative Region (the "HKSAR Government" or "Government"), KCRC and the Company including the Service Concession Agreement, Property Package Agreements and Merger Framework Agreement.

Pursuant to the Service Concession Agreement ("SCA"), KCRC granted the Company the right to access, use and operate the KCRC system for an initial term of 50 years (the "Concession Period"), which will be extended if the franchise period (as it relates to the KCRC railway) is extended. In accordance with the terms of the SCA, the Company paid an upfront lump sum to KCRC on the Appointed Day and is obliged to pay to KCRC fixed annual payments and variable annual payments (calculated on a tiered basis by reference to the revenue generated from the KCRC system above certain thresholds).

Under the SCA, the Company is responsible for the expenditure incurred in relation to the maintenance, repair, replacement and upgrade of the KCRC system (with any new assets acquired being classified as "additional concession property"). To the extent that such expenditure exceeds an agreed threshold ("Capex Threshold"), the Company will be reimbursed for any above-threshold expenditure at the end of the Concession Period with such reimbursement to be on the basis of depreciated book value.

Details of the Rail Merger are disclosed in the Company's circular dated 3 September 2007.

B Operating Arrangements for the High Speed Rail

On 23 August 2018, the Company entered into relevant agreements with the HKSAR Government and KCRC to supplement and amend the then current agreements to enable the Company to operate the Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link ("High Speed Rail" or "HSR") in substantially the same manner as the existing railway network. Under the supplemental service concession agreement that was executed on 23 August 2018 ("SSCA-HSR"), the operating period with respect to the HSR is for an initial term of 10 years from 23 September 2018 ("Concession Period (High Speed Rail)"), which may be extended subject to further negotiation between the Company and KCRC in accordance with the mechanism set out in the SSCA-HSR. Under the SSCA-HSR, the Company is responsible for the expenditure incurred in relation to the maintenance, repair, replacement and upgrade of the concession property of the High Speed Rail (with any new assets acquired being classified as "additional concession property (High Speed Rail)"). To the extent that such expenditure exceeds an agreed threshold ("Capex Threshold (High Speed Rail)"), the Company will be reimbursed for any above-threshold expenditure at the end of the concession period with such reimbursement to be on the basis of depreciated book value.

Details of the SSCA-HSR are disclosed in the Company's announcement dated 23 August 2018.

3 Rail Merger with Kowloon-Canton Railway Corporation and Operating Arrangements for the High Speed Rail and the Shatin to Central Link *(continued)*

C Operating Arrangements for the Shatin to Central Link

The Shatin to Central Link ("SCL") was commissioned in two parts:

(a) The first part of the SCL extended the previously existing Ma On Shan Railway from Tai Wai Station to the West Rail Line via East Kowloon to form the Tuen Ma Line. The Tuen Ma Line was in turn commissioned in two phases:

(i) The First Phase of Tuen Ma Line extended the previously existing Ma On Shan Railway from Tai Wai Station to Kai Tak Station with two new stations at Hin Keng and Kai Tak, and incorporating one existing station at Diamond Hill, and was commissioned on 14 February 2020.

(ii) The Second Phase of Tuen Ma Line extends from Kai Tak Station to Hung Hom Station with two new stations at Sung Wong Toi and To Kwa Wan and incorporating one existing station at Ho Man Tin, and it integrated the existing First Phase of Tuen Ma Line with the West Rail Line into a single railway line known as the Tuen Ma Line, and was commissioned on 27 June 2021.

(b) The second part of the SCL extended the East Rail Line (Original) from Hung Hom Station to Admiralty Station via the new Exhibition Centre Station.

Relevant agreements with the HKSAR Government and KCRC to supplement and amend the current agreements are detailed below.

On 11 February 2020, the Company entered into relevant agreements with the HKSAR Government and KCRC to supplement and amend the then current agreements to enable the Company to operate the First Phase of Tuen Ma Line in substantially the same manner as the existing railway network for a period of two years from 14 February 2020 including a supplemental service concession agreement ("SSCA1-SCL") with KCRC.

On 21 June 2021, the Company entered into relevant agreements with the HKSAR Government and KCRC to supplement and amend the current agreements to enable the Company to operate the Tuen Ma Line, in substantially the same manner as the existing railway network for a period of two years from 27 June 2021 including the supplemental service concession agreement ("SSCA2-SCL") signed with KCRC. The SSCA2-SCL replaced the SSCA1-SCL.

On 10 May 2022, the Company entered into relevant agreements with the HKSAR Government and KCRC to supplement and amend the current agreements to enable the Company to operate the SCL as a whole in substantially the same manner as the existing railway network but for a period of ten years from 15 May 2022, being the date of commissioning and commercial operation of the second part of the SCL, including the supplemental service concession agreement ("SSCA3-SCL") signed with KCRC. The SSCA3-SCL superseded and replaced the SSCA2-SCL. Prior to the expiry of this ten-year period, the parties are obliged to commence exclusive negotiations in good faith with a view to agreeing the terms of a legally binding agreement in relation to an extension of SCL concession (including, without limitation, that the Company shall operate the SCL pursuant to a service concession as defined in the Mass Transit Railway Ordinance (Cap. 556 of the Laws of Hong Kong) ("MTR Ordinance")), which shall apply to the SCL the Operating Agreement dated 9 August 2007 and which should in accordance with the Operating Agreement dated 9 August 2007, enable the Company to earn a commercial rate of return from its operation of the SCL.

Details of the SSCA1-SCL, SSCA2-SCL and SSCA3-SCL are disclosed in the Company's announcements dated 11 February 2020, 21 June 2021 and 10 May 2022 respectively.

4 Revenue from Hong Kong Transport Operations

Revenue from Hong Kong transport operations comprises:

in HK$ million	**2024**	2023
Domestic Service	**14,507**	13,995
Cross-boundary Service	**3,562**	2,206
High Speed Rail and Intercity Service	**3,338**	2,503
Airport Express	**803**	664
Light Rail and Bus	**698**	658
Others	**105**	105
	23,013	20,131

Domestic Service comprises the Kwun Tong, Tsuen Wan, Island, South Island, Tung Chung, Tseung Kwan O, Disneyland Resort, East Rail (excluding Cross-boundary Service) and Tuen Ma Lines. Others include mainly by-law infringement surcharge, Octopus load agent fees and other rail-related income.

5 Revenue from Hong Kong Station Commercial Businesses

Revenue from Hong Kong station commercial businesses comprises:

in HK$ million	2024	2023
Duty free shops and kiosks	**3,616**	3,429
Advertising	**1,021**	981
Telecommunication income	**582**	603
Other station commercial income	**124**	104
	5,343	5,117

6 Revenue from Hong Kong Property Rental and Management Businesses

Revenue from Hong Kong property rental and management businesses comprises:

in HK$ million	2024	2023
Property rental income	**5,076**	4,795
Property management income	**303**	284
	5,379	5,079

7 Revenue and Expenses Relating to Mainland China and International Subsidiaries

Revenue and expenses relating to Mainland China and international subsidiaries comprise:

	2024		2023	
in HK$ million	Revenue	Expenses*	Revenue	Expenses*
Melbourne's Metropolitan Rail Services	**12,996**	**12,131**	13,787	12,787
City section of Sydney Metro M1 Metro North West and Bankstown Line**	**1,601**	**1,445**	867	794
Sydney Metro City & Southwest (Design and Delivery)	**1,225**	**1,139**	1,318	1,243
MTR Nordic***	**3,730**	**3,558**	4,809	5,206
London Elizabeth Line	**3,255**	**3,051**	3,178	3,143
Shenzhen Metro Line 4 ("SZL4")	**800**	**662**	792	680
Shenzhen Metro Line 13 ("SZL13") Phase 1 project (note 21C)	**1,312**	**1,313**	429	429
Others	**548**	**512**	775	601
	25,467	**23,811**	25,955	24,883
Property development in Mainland China	**–**	**3**	–	13
Total Mainland China and international subsidiaries	**25,467**	**23,814**	25,955	24,896

* Expenses include staff costs of HK$10,599 million (2023: HK$11,092 million) (note 10A) and maintenance and related work costs of HK$3,247 million (2023: HK$3,548 million).

** City section of Sydney Metro M1 Metro North West and Bankstown Line comprises the former Sydney Metro North West Line and operation of city section of Sydney Metro City & Southwest opened in August 2024.

*** MTR Nordic comprises the Mälartåg, MTR Tech, MTRX (note 49), Stockholm Commuter Rail ("Stockholms pendeltåg") and Stockholm Metro operations in Sweden.

The Group disposed of its operations of Beijing Ginza Mall in Mainland China and MTRX in Sweden in May 2024, as well as early terminated the concessions for Stockholms pendeltåg and Mälartåg in Sweden in March 2024 and June 2024 respectively. In this regard, included in "Expenses relating to Mainland China and international subsidiaries" during the year ended 31 December 2024 was a net aggregated loss of HK$148 million principally arising from the disposal of the Group's operation in Beijing Ginza Mall.

8 Revenue from Other Businesses

Revenue from other businesses comprises income from:

in HK$ million	2024	2023
Ngong Ping 360	**489**	378
Consultancy business	**234**	213
Miscellaneous businesses	**86**	109
	809	700

9 Segmental Information

The Group's businesses consist of (i) recurrent businesses (comprising Hong Kong transport operations, Hong Kong station commercial businesses, Hong Kong property rental and management businesses, and other businesses (collectively referred to as "recurrent businesses in Hong Kong"), and Mainland China and international railway, property rental and management businesses (referred as "recurrent businesses outside of Hong Kong"), and both excluding fair value measurement of investment properties) and (ii) property development businesses (together with recurrent businesses referred to as "underlying businesses").

The Group manages its businesses by the various business executive committees. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following reportable segments:

(i) Hong Kong transport operations: The provision of passenger operation and related services on the domestic mass transit railway system in Hong Kong, the Airport Express serving both the Hong Kong International Airport and the AsiaWorld-Expo at Chek Lap Kok, cross-boundary railway connection with Mainland China at Lo Wu and Lok Ma Chau, the HSR, light rail and bus feeder with railway system in the north-west New Territories and intercity railway transport with certain cities in Mainland China.

(ii) Hong Kong station commercial businesses: Commercial activities including the letting of advertising, retail and car parking spaces at railway stations, the provision of telecommunication, bandwidth and data centre services in railway and other premises, and other commercial activities within the Hong Kong transport operations network.

(iii) Hong Kong property rental and management businesses: The letting of retail, office and car parking spaces and the provision of property management services in Hong Kong.

(iv) Hong Kong property development: Property development activities at locations near the railway systems in Hong Kong.

(v) Mainland China and international railway, property rental and management businesses: The construction, operation and maintenance of mass transit railway systems including station commercial activities outside of Hong Kong and the letting of retail spaces and provision of property management services in Mainland China.

(vi) Mainland China property development: Property development activities in Mainland China.

(vii) Other businesses: Businesses not directly relating to transport services or properties such as Ngong Ping 360, which comprises cable car operation in Tung Chung and related businesses at the Ngong Ping Village, railway consultancy business, investment in Octopus Holdings Limited and the provision of project management services to the HKSAR Government.

9 Segmental Information *(continued)*

The results of the reportable segments and reconciliation to the corresponding consolidated totals in the consolidated financial statements are shown below:

	Hong Kong transport services				Mainland China and international affiliates				
in HK$ million	Hong Kong transport operations	Hong Kong station commercial businesses	Hong Kong property rental and management businesses	Hong Kong property development	Mainland China and international railway, property rental and management businesses	Mainland China property development	Other businesses	Un-allocated amount	Total
2024									
Revenue from contracts with customers within the scope of HKFRS 15	23,013	1,742	397	–	25,370	–	795	–	51,317
– Recognised at a point in time	21,616	35	–	–	4,134	–	497	–	26,282
– Recognised over time	1,397	1,707	397	–	21,236	–	298	–	25,035
Revenue from other sources	–	3,601	4,982	–	97	–	14	–	8,694
– Lease payments that are fixed or depend on an index or a rate	–	3,506	4,841	–	95	–	10	–	8,452
– Variable lease payments that do not depend on an index or a rate	–	95	141	–	2	–	–	–	238
– Others	–	–	–	–	–	–	4	–	4
Total revenue	23,013	5,343	5,379	–	25,467	–	809	–	60,011
Operating expenses	(15,319)	(685)	(1,184)	–	(23,811)	(3)	(702)	–	(41,704)
Project study and business development expenses	–	–	–	–	(283)	–	–	(120)	(403)
Operating profit/(loss) before Hong Kong property development, fair value measurement of investment properties, depreciation, amortisation and variable annual payment	7,694	4,658	4,195	–	1,373	(3)	107	(120)	17,904
Hong Kong property development profit from share of surplus, income and interest in unsold properties	–	–	–	12,185	–	–	–	–	12,185
Loss from fair value measurement of investment properties	–	–	(1,329)	–	(374)	–	–	–	(1,703)
Operating profit/(loss) before depreciation, amortisation and variable annual payment	7,694	4,658	2,866	12,185	999	(3)	107	(120)	28,386
Depreciation and amortisation	(5,359)	(265)	(19)	–	(433)	–	(68)	–	(6,144)
Variable annual payment	(2,398)	(620)	(7)	–	–	–	–	–	(3,025)
Share of profit of associates and joint ventures	–	–	–	–	900	–	440	–	1,340
(Loss)/profit before interest, finance charges and taxation	(63)	3,773	2,840	12,185	1,466	(3)	479	(120)	20,557
Interest and finance charges	–	–	–	–	88	38	–	(1,158)	(1,032)
Income tax	–	–	–	(1,950)	(404)	(5)	–	(1,099)	(3,458)
(Loss)/profit for the year ended 31 December 2024	(63)	3,773	2,840	10,235	1,150	30	479	(2,377)	16,067
Assets									
Fixed assets	135,596	3,762	95,086	–	8,302	–	444	–	243,190
Other segment assets	8,077	897	857	4,882	9,042	1,716	1,033	26,123	52,627
Property management rights	–	–	9	–	–	–	–	–	9
Railway construction in progress	11,375	–	–	–	–	–	–	–	11,375
Property development in progress	–	–	–	42,300	–	–	–	–	42,300
Deferred expenditure	63	–	–	1	–	–	–	–	64
Deferred tax assets	–	–	–	–	479	14	–	28	521
Investments in securities	–	–	–	–	11	372	569	1,000	1,952
Properties held for sale	–	–	–	2,411	–	11	–	–	2,422
Interests in associates and joint ventures	–	–	–	–	11,264	–	1,775	–	13,039
Total assets	155,111	4,659	95,952	49,594	29,098	2,113	3,821	27,151	367,499
Liabilities									
Segment liabilities	27,057	2,445	2,736	29,763	11,240	318	1,495	96,343	171,397
Obligations under service concession	9,816	–	–	–	153	–	–	–	9,969
Total liabilities	36,873	2,445	2,736	29,763	11,393	318	1,495	96,343	181,366
Other information									
Capital expenditure on:									
Fixed assets	11,108	333	540	–	2,263	–	40	–	14,284
Deferred expenditure	10	–	–	2	–	–	–	–	12
Railway construction in progress	7,114	–	–	–	–	–	–	–	7,114
Property development in progress	–	–	–	1,922	–	–	–	–	1,922

9 Segmental Information *(continued)*

in HK$ million	Hong Kong transport services				Mainland China and international affiliates				
	Hong Kong transport operations	Hong Kong station commercial businesses	Hong Kong property rental and management businesses	Hong Kong property development	Mainland China and international railway, property rental and management businesses	Mainland China property development	Other businesses	Un-allocated amount	Total
2023									
Revenue from contracts with customers within the scope of HKFRS 15	20,131	1,701	369	–	25,812	–	639	–	48,652
– Recognised at a point in time	18,764	29	–	–	5,011	–	374	–	24,178
– Recognised over time	1,367	1,672	369	–	20,801	–	265	–	24,474
Revenue from other sources	–	3,416	4,710	–	143	–	61	–	8,330
– Lease payments that are fixed or depend on an index or a rate	–	3,212	4,528	–	140	–	7	–	7,887
– Variable lease payments that do not depend on an index or a rate	–	204	182	–	3	–	–	–	389
– Others	–	–	–	–	–	–	54	–	54
Total revenue	20,131	5,117	5,079	–	25,955	–	700	–	56,982
Operating expenses	(14,177)	(560)	(1,063)	–	(24,883)	(13)	(579)	–	(41,275)
Project study and business development expenses	–	–	–	–	(260)	–	–	(137)	(397)
Operating profit/(loss) before Hong Kong property development, fair value measurement of investment properties, depreciation, amortisation and variable annual payment	5,954	4,557	4,016	–	812	(13)	121	(137)	15,310
Hong Kong property development profit from share of surplus, income and interest in unsold properties	–	–	–	2,329	–	–	–	–	2,329
Gain/(loss) from fair value measurement of investment properties	–	–	1,522	–	(136)	–	–	–	1,386
Operating profit/(loss) before depreciation, amortisation and variable annual payment	5,954	4,557	5,538	2,329	676	(13)	121	(137)	19,025
Depreciation and amortisation	(5,232)	(249)	(11)	–	(548)	–	(65)	–	(6,105)
Provisions for onerous contracts	–	–	–	–	(1,022)	–	–	–	(1,022)
Variable annual payment	(1,833)	(516)	(6)	–	–	–	–	–	(2,355)
Share of profit of associates and joint ventures	–	–	–	–	757	–	502	–	1,259
(Loss)/profit before interest, finance charges and taxation	(1,111)	3,792	5,521	2,329	(137)	(13)	558	(137)	10,802
Interest and finance charges	–	–	–	–	2	74	–	(1,215)	(1,139)
Income tax	–	–	–	(294)	(322)	(13)	–	(946)	(1,575)
(Loss)/profit for the year ended 31 December 2023	(1,111)	3,792	5,521	2,035	(457)	48	558	(2,298)	8,088
Assets									
Fixed assets	130,049	3,608	98,002	–	6,505	–	472	–	238,636
Other segment assets	7,576	903	859	1,069	11,277	3,416	1,129	18,501	44,730
Property management rights	–	–	10	–	–	–	–	–	10
Railway construction in progress	4,256	–	–	–	–	–	–	–	4,256
Property development in progress	–	–	–	41,728	–	–	–	–	41,728
Deferred expenditure	374	–	–	3	1	–	–	–	378
Deferred tax assets	–	–	–	–	551	18	–	34	603
Investments in securities	–	–	–	–	11	446	405	–	862
Properties held for sale	–	–	–	1,927	–	12	–	–	1,939
Interests in associates and joint ventures	–	–	–	–	11,074	–	1,711	–	12,785
Assets of disposal group classified as held for sale	–	–	–	–	499	–	–	–	499
Total assets	142,255	4,511	98,871	44,727	29,918	3,892	3,717	18,535	346,426
Liabilities									
Segment liabilities	25,301	2,208	2,793	37,637	12,066	369	1,642	75,396	157,412
Obligations under service concession	9,898	–	–	–	161	–	–	–	10,059
Liabilities of disposal group classified as held for sale	–	–	–	–	99	–	–	–	99
Total liabilities	35,199	2,208	2,793	37,637	12,326	369	1,642	75,396	167,570
Other information									
Capital expenditure on:									
Fixed assets	8,394	276	1,253	–	682	–	31	–	10,636
Deferred expenditure	183	–	–	3	1	–	–	–	187
Railway construction in progress	2,352	–	–	–	–	–	–	–	2,352
Property development in progress	–	–	–	1,572	–	–	–	–	1,572

9 Segmental Information *(continued)*

For the year ended 31 December 2024, profit attributable to shareholders of the Company arising from recurrent businesses in Hong Kong of HK$5,981 million (2023: HK$4,940 million) represents (i) the profit for the year of HK$8,358 million (2023: HK$7,238 million) arising from recurrent businesses in Hong Kong (after excluding loss from fair value measurement of investment properties of HK$1,329 million (2023: gain of HK$1,522 million)) and (ii) un-allocated expenses of HK$2,377 million (2023: HK$2,298 million) in Hong Kong.

For the year ended 31 December 2024, profit attributable to shareholders of the Company arising from recurrent businesses outside Hong Kong of HK$1,229 million (2023: loss of HK$659 million) represents (i) the profit for the year of HK$1,524 million (2023: loss of HK$355 million) arising from recurrent business outside Hong Kong (after excluding loss from fair value measurement of investment properties of HK$374 million (2023: HK$136 million) and related income tax credit of HK$nil (2023: HK$34 million)), and (ii) net of profit attributable to non-controlling interests of HK$295 million (2023: HK$304 million).

For the year ended 31 December 2024, loss attributable to shareholders of the Company arising from fair value measurement of investment properties of HK$1,703 million (2023: profit of HK$1,420 million) represents loss from fair value remeasurement on investment properties of HK$3,821 million (2023: gain of HK$26 million), gain from fair value measurement of investment properties on initial recognition from property development of HK$2,118 million (2023: HK$1,360 million) and related income tax credit of HK$nil (2023: HK$34 million).

Unallocated assets and liabilities mainly comprise cash, bank balances and deposits, investment in bank medium-term notes, tax reserve certificates, derivative financial assets and liabilities, interest-bearing loans and borrowings, current taxation, as well as deferred tax assets and liabilities.

Other segment assets mainly include debtors, stores and spares, cash, bank balances and deposits and other assets employed in the operations of individual business segments.

For the year ended 31 December 2024, revenue from one customer (2023: one customer) of Mainland China and international railway, property rental and management businesses segment has exceeded 10% of the Group's revenue. Approximately 18.88% of the Group's total revenue was attributable to the customer (2023: 22.31%).

For the year ended 31 December 2024, profit before tax attributable to joint operations of HK$14,250 million (2023: HK$3,695 million) was recognised.

The following table sets out information about the geographical location of the Group's revenue from external customers and the Group's fixed assets, property management rights, railway construction in progress, property development in progress, deferred expenditure and interests in associates and joint ventures ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or goods were delivered. The geographical location of the specified non-current assets is based on the physical location of the asset in the case of investment properties, other property, plant and equipment, railway construction in progress and property development in progress, the location of the proposed capital project in the case of deferred expenditure, the location of the operation to which they are related in the case of service concession assets and property management rights and interests in associates and joint ventures.

	Revenue from external customers		Specified non-current assets	
in HK$ million	**2024**	2023	**2024**	2023
Hong Kong SAR (place of domicile)	**34,531**	30,962	**289,820**	280,212
Australia	**15,822**	15,972	**841**	900
Mainland China and Macao SAR	**2,592**	2,027	**19,300**	16,554
Sweden	**3,730**	4,809	**12**	116
United Kingdom	**3,336**	3,212	**4**	11
	25,480	26,020	**20,157**	17,581
	60,011	56,982	**309,977**	297,793

As at 31 December 2024, aggregated amount of the transaction price allocated to the remaining performance obligation under the Group's existing contracts is HK$33,423 million (2023: HK$40,918 million). This amount represents revenue expected to be recognised in the future mainly from the fixed annual payments in relation to High Speed Rail under the SSCA-HSR and in relation to Shatin to Central Link under SSCA3-SCL, as well as the construction, consultancy and project management contracts entered into with the Group's customers. The Group will recognise the expected revenue in future when or as the work is completed or as the services are rendered which is expected to occur over the next one to fifteen years.

The Group has applied the practical expedients in paragraph 121 of HKFRS 15 to exempt the disclosure of revenue expected to be recognised in the future arising from certain contracts with customers in existence at the reporting date that are billed based on the performance completed to date or have an original expected duration of one year or less.

10 Operating Expenses

A Total staff costs include:

in HK$ million	2024	2023
Amounts charged to consolidated statement of profit or loss account under:		
– staff costs and related expenses for Hong Kong transport operations	**7,636**	6,917
– maintenance and related works for Hong Kong transport operations	**121**	123
– other expense line items for Hong Kong transport operations	**108**	109
– expenses relating to Hong Kong station commercial businesses	**145**	136
– expenses relating to Hong Kong property rental and management businesses	**245**	193
– expenses relating to Mainland China and international subsidiaries	**10,599**	11,092
– expenses relating to other businesses	**315**	459
– project study and business development expenses	**209**	200
– Hong Kong property development profit from share of surplus, income and interest in unsold properties	**–**	11
Amounts capitalised in the consolidated statement of financial position under:		
– assets under construction and other projects	**1,277**	1,085
– service concession assets	**764**	525
– railway construction in progress before offset by government grant	**940**	753
– property development in progress	**349**	281
Amounts recoverable	**690**	663
Total staff costs	**23,398**	22,547

Amounts recoverable relate to property management, entrustment works and other agreements.

The following expenditures are included in total staff costs:

in HK$ million	2024	2023
Share-based payments	**137**	119
Contributions to defined contribution retirement schemes and Mandatory Provident Fund	**1,304**	1,178
Amounts recognised in respect of defined benefit plans	**319**	386
	1,760	1,683

B Auditors' remuneration charged to the consolidated statement of profit or loss include:

in HK$ million	2024	2023
Audit services	**24**	24
Other audit related services	**6**	6
Tax services	**2**	3
Other non-audit services	**5**	–
	37	33

C Loss on disposal of fixed assets of HK$167 million (2023: HK$136 million) is included in operating expenses.

11 Remuneration of Members of the Board and the Executive Directorate

A Remuneration of Members of the Board and the Executive Directorate

(i) The emoluments of Members of the Board and the Executive Directorate of the Company were as follows:

in HK$ million	Fees	Base pay, allowances and benefits in kind	Retirement scheme contributions	Variable remuneration related to performance	Total
2024					
Members of the Board					
– Rex Auyeung Pak-kuen	**1.8**	**–**	**–**	**–**	**1.8**
– Andrew Clifford Winawer Brandler	**0.6**	**–**	**–**	**–**	**0.6**
– Bunny Chan Chung-bun	**0.5**	**–**	**–**	**–**	**0.5**
– Walter Chan Kar-lok	**0.6**	**–**	**–**	**–**	**0.6**
– Dorothy Chan Yuen Tak-fai (retired on 22 May 2024)**	**0.2**	**–**	**–**	**–**	**0.2**
– Cheng Yan-kee	**0.6**	**–**	**–**	**–**	**0.6**
– Hui Siu-wai	**0.5**	**–**	**–**	**–**	**0.5**
– Ayesha Macpherson Lau (appointed on 22 May 2024)*	**0.3**	**–**	**–**	**–**	**0.3**
– Sunny Lee Wai-kwong	**0.6**	**–**	**–**	**–**	**0.6**
– Rose Lee Wai-mun (retired on 22 May 2024)**	**0.2**	**–**	**–**	**–**	**0.2**
– Jimmy Ng Wing-ka	**0.5**	**–**	**–**	**–**	**0.5**
– Carlson Tong	**0.6**	**–**	**–**	**–**	**0.6**
– Sandy Wong Hang-yee	**0.5**	**–**	**–**	**–**	**0.5**
– Adrian Wong Koon-man	**0.6**	**–**	**–**	**–**	**0.6**
– Anna Wong Wai-kwan	**0.6**	**–**	**–**	**–**	**0.6**
– Christopher Hui Ching-yu	**0.5**	**–**	**–**	**–**	**0.5**
– Secretary for Transport and Logistics	**0.5**	**–**	**–**	**–**	**0.5**
– Permanent Secretary for Development (Works)	**0.5**	**–**	**–**	**–**	**0.5**
– Commissioner for Transport	**0.5**	**–**	**–**	**–**	**0.5**
Members of the Executive Directorate					
– Jacob Kam Chak-pui***	**–**	**9.8**	**1.4**	**8.3**	**19.5**
– Jeny Yeung Mei-chun	**–**	**6.7**	**1.0**	**3.4**	**11.1**
– Margaret Cheng Wai-ching	**–**	**6.2**	**0.9**	**3.0**	**10.1**
– Linda Choy Siu-min	**–**	**4.8**	**0.7**	**2.4**	**7.9**
– Carl Michael Devlin~	**–**	**5.2**	**–~~**	**2.6**	**7.8**
– Michael George Fitzgerald (appointed on 1 January 2024)	**–**	**6.1**	**0.9**	**2.7**	**9.7**
– Tony Lee Kar-yun	**–**	**5.0**	**0.7**	**2.4**	**8.1**
– Gillian Elizabeth Meller	**–**	**5.2**	**0.7**	**2.6**	**8.5**
– David Tang Chi-fai	**–**	**7.2**	**1.0**	**3.4**	**11.6**
– Sammy Wong Kwan-wai	**–**	**4.6**	**0.2**	**2.2**	**7.0**
	10.7	**60.8**	**7.5**	**33.0**	**112.0**

* Ayesha Macpherson Lau was appointed as a Member of the Board on the date shown in the above table. The amount of her emolument shown in the above table covers the period from the date of her appointment to 31 December 2024.

** Dorothy T F Chan Yuen and Rose W M Lee retired as Members of the Board on the date shown in the above table. The amounts of their emoluments shown in the above table cover the period from 1 January 2024 to the respective dates of their retirement.

*** Jacob C P Kam, being the Chief Executive Officer of the Company, also serves as a Member of the Board.

~ The Company has allocated HK$180,000 to Carl M Devlin through the Relocation Assistance Program to cover the tenancy deposit requirements.

~~ The total contributions paid by the Company attributable to the financial year ended 31 December 2024 for Carl M Devlin, who participated in MTR Mandatory Provident Fund Scheme (as described in note 45A(iii)) was HK$18,000.

11 Remuneration of Members of the Board and the Executive Directorate *(continued)*

A Remuneration of Members of the Board and the Executive Directorate *(continued)*

in HK$ million	Fees	Base pay, allowances and benefits in kind	Retirement scheme contributions	Variable remuneration related to performance	Total
2023					
Members of the Board					
– Rex Auyeung Pak-kuen	1.7	–	–	–	1.7
– Andrew Clifford Winawer Brandler	0.6	–	–	–	0.6
– Bunny Chan Chung-bun	0.5	–	–	–	0.5
– Walter Chan Kar-lok	0.5	–	–	–	0.5
– Pamela Chan Wong Shui (retired on 24 May 2023)**	0.2	–	–	–	0.2
– Dorothy Chan Yuen Tak-fai	0.5	–	–	–	0.5
– Cheng Yan-kee	0.5	–	–	–	0.5
– Hui Siu-wai	0.5	–	–	–	0.5
– Sunny Lee Wai-kwong	0.5	–	–	–	0.5
– Rose Lee Wai-mun	0.5	–	–	–	0.5
– Jimmy Ng Wing-ka	0.5	–	–	–	0.5
– Carlson Tong	0.6	–	–	–	0.6
– Sandy Wong Hang-yee (appointed on 24 May 2023)*	0.3	–	–	–	0.3
– Adrian Wong Koon-man	0.5	–	–	–	0.5
– Anna Wong Wai-kwan (appointed on 24 May 2023)*	0.3	–	–	–	0.3
– Johannes Zhou Yuan (retired on 24 May 2023)**	0.2	–	–	–	0.2
– Christopher Hui Ching-yu	0.5	–	–	–	0.5
– Secretary for Transport and Logistics	0.5	–	–	–	0.5
– Permanent Secretary for Development (Works)	0.5	–	–	–	0.5
– Commissioner for Transport	0.5	–	–	–	0.5
Members of the Executive Directorate					
– Jacob Kam Chak-pui***	–	11.2	1.3	6.9	19.4
– Jeny Yeung Mei-chun	–	7.1	1.0	2.8	10.9
– Margaret Cheng Wai-ching	–	6.5	0.8	2.6	9.9
– Linda Choy Siu-min	–	4.6	0.6	1.8	7.0
– Carl Michael Devlin~	–	5.0	–~~	2.0	7.0
– Herbert Hui Leung-wah (retired on 1 January 2024)****	–	6.8	0.8	2.1	9.7
– Tony Lee Kar-yun	–	5.5	0.7	2.0	8.2
– Gillian Elizabeth Meller	–	5.5	0.7	2.0	8.2
– David Tang Chi-fai	–	7.0	0.9	2.8	10.7
– Sammy Wong Kwan-wai (appointed on 1 January 2023)	–	4.7	0.2	1.6	6.5
	10.4	63.9	7.0	26.6	107.9

* Sandy H Y Wong and Anna W K Wong were appointed as Members of the Board on the date shown in the above table. The amounts of their emoluments shown in the above table cover the period from the respective dates of their appointment to 31 December 2023.

** Pamela S Chan Wong and Johannes Y Zhou retired as Members of the Board on the date shown in the above table. The amounts of their emoluments shown in the above table cover the period from 1 January 2023 to the respective dates of their retirement.

*** Jacob C P Kam, being the Chief Executive Officer of the Company, also serves as a Member of the Board.

**** Herbert L W Hui received the pro-rated one-off special award of HK$65,710 in July 2024 for his services provided during 2023.

~ The Company has allocated HK$180,000 to Carl M Devlin through the Relocation Assistance Program to cover the tenancy deposit requirements.

~~ The total contributions paid by the Company attributable to the financial year ended 31 December 2023 for Carl M Devlin, who participated in MTR Mandatory Provident Fund Scheme (as described in note 45A(iii)) was HK$18,000.

11 Remuneration of Members of the Board and the Executive Directorate *(continued)*

A Remuneration of Members of the Board and the Executive Directorate *(continued)*

The above emoluments do not include the share-based payments which arose from the Executive Share Incentive Scheme as disclosed in note (ii) below.

The director's fees in respect of the office of the Secretary for Transport and Logistics (Lam Sai-hung for the period from 1 January 2023 to 4 December 2024 and Mable Chan for the period from 5 December 2024 to 31 December 2024), the office of the Permanent Secretary for Development (Works) (Ricky Lau Chun-kit) and the office of the Commissioner for Transport (Rosanna Law Shuk-pui for the period from 1 January 2023 to 14 August 2023 and Angela Lee Chung-yan for the period from 28 August 2023 to 31 December 2024), each of whom was appointed Director by the Chief Executive of the HKSAR pursuant to Section 8 of the MTR Ordinance, were received by the HKSAR Government rather than by the individuals personally.

The director's fee in respect of Christopher Hui Ching-yu, being the Secretary for Financial Services and the Treasury of Government, was received by the HKSAR Government rather than by the individual personally.

Alternate Directors were not entitled to director's fees.

(ii) Restricted Shares and Performance Shares were granted to Members of the Executive Directorate under the Company's Executive Share Incentive Scheme. Performance Shares offered to Members of the Executive Directorate under such grants, in general, covered a period of three years from the date of grant. The entitlements of each of the Members of the Executive Directorate with vesting periods falling in the years ended 31 December 2024 and 2023, if any, are as follows:

- Jacob C P Kam was granted 89,300 Restricted Shares on 8 April 2020, 52,750 Restricted Shares and 199,800 Performance Shares on 8 April 2021, 132,000 Contract-end Restricted Shares on 1 April 2022, 133,700 Restricted Shares on 8 April 2022, 54,700 Restricted Shares on 11 April 2023, 68,990 Performance Shares on 18 March 2024, and 87,100 Restricted Shares and 392,050 Performance Shares on 8 April 2024, of which a total of 80,383 Restricted Shares and 268,790 Performance Shares were vested in 2024 (2023: 91,917 Restricted Shares), and the respective fair value of the share-based payments recognised for the year ended 31 December 2024 was HK$9.6 million (2023: HK$8.3 million). No award shares were lapsed/forfeited in 2024 (2023: nil);

- Jeny M C Yeung was granted 32,650 Restricted Shares on 8 April 2020, 17,200 Restricted Shares and 47,850 Performance Shares on 8 April 2021, 46,000 Restricted Shares on 8 April 2022, 25,100 Restricted Shares on 11 April 2023, 16,522 Performance Shares on 18 March 2024, and 41,700 Restricted Shares and 93,550 Performance Shares on 8 April 2024, of which a total of 29,433 Restricted Shares and 64,372 Performance Shares were vested in 2024 (2023: 31,950 Restricted Shares), and the respective fair value of the share-based payments recognised for the year ended 31 December 2024 was HK$2.3 million (2023: HK$2.0 million). No award shares were lapsed/forfeited in 2024 (2023: nil);

- Margaret W C Cheng was granted 32,450 Restricted Shares on 8 April 2020, 17,450 Restricted Shares and 47,850 Performance Shares on 8 April 2021, 39,500 Restricted Shares on 8 April 2022, 23,300 Restricted Shares on 11 April 2023, 16,522 Performance Shares on 18 March 2024, and 38,650 Restricted Shares and 93,550 Performance Shares on 8 April 2024, of which a total of 26,750 Restricted Shares and 64,372 Performance Shares were vested in 2024 (2023: 29,800 Restricted Shares), and the respective fair value of the share-based payments recognised for the year ended 31 December 2024 was HK$2.3 million (2023: HK$1.9 million). No award shares were lapsed/forfeited in 2024 (2023: nil);

- Linda S M Choy was granted 13,500 Restricted Shares and 47,850 Performance Shares on 8 April 2021, 32,200 Restricted Shares on 8 April 2022, 17,550 Restricted Shares on 11 April 2023, 16,522 Performance Shares on 18 March 2024, and 24,200 Restricted Shares and 93,550 Performance Shares on 8 April 2024, of which a total of 21,083 Restricted Shares and 64,372 Performance Shares were vested in 2024 (2023: 15,233 Restricted Shares), and the respective fair value of the share-based payments recognised for the year ended 31 December 2024 was HK$1.9 million (2023: HK$1.6 million). No award shares were lapsed/forfeited in 2024 (2023: nil);

- Carl M Devlin was granted 7,700 Restricted Shares and 7,300 Performance Shares on 8 April 2022, 15,700 Restricted Shares on 11 April 2023, 2,520 Performance Shares on 18 March 2024, and 25,800 Restricted Shares and 93,550 Performance Shares on 8 April 2024, of which a total of 7,799 Restricted Shares and 9,820 Performance Shares were vested in 2024 (2023: 2,566 Restricted Shares), and the respective fair value of the share-based payments recognised for the year ended 31 December 2024 was HK$1.3 million (2023: HK$0.5 million). No award shares were lapsed/forfeited in 2024 (2023: nil);

- Michael G Fitzgerald was granted 60,900 Restricted Shares on 25 September 2023, and 30,150 Restricted Shares and 93,550 Performance Shares on 8 April 2024, of which a total of 20,300 Restricted Shares were vested in 2024, and the respective fair value of the share-based payments recognised for the year ended 31 December 2024 was HK$1.9 million. No award shares were lapsed/forfeited in 2024;

- Tony K Y Lee was granted 15,500 Restricted Shares on 8 April 2020, 13,550 Restricted Shares and 47,850 Performance Shares on 8 April 2021, 34,050 Restricted Shares on 8 April 2022, 14,850 Restricted Shares on 11 April 2023, 16,522 Performance Shares on 18 March 2024, and 30,600 Restricted Shares and 93,550 Performance Shares on 8 April 2024, of which a total of 20,818 Restricted Shares and 64,372 Performance Shares were vested in 2024 (2023: 21,034 Restricted Shares), and the respective fair value of the share-based payments recognised for the year ended 31 December 2024 was HK$2.0 million (2023: HK$1.6 million). No award shares were lapsed/forfeited in 2024 (2023: nil);

11 Remuneration of Members of the Board and the Executive Directorate *(continued)*

A Remuneration of Members of the Board and the Executive Directorate *(continued)*

- Gillian E Meller was granted 27,000 Restricted Shares on 8 April 2020, 14,250 Restricted Shares and 47,850 Performance Shares on 8 April 2021, 34,600 Restricted Shares on 8 April 2022, 19,550 Restricted Shares on 11 April 2023, 16,522 Performance Shares on 18 March 2024, and 25,950 Restricted Shares and 93,550 Performance Shares on 8 April 2024, of which a total of 22,799 Restricted Shares and 64,372 Performance Shares were vested in 2024 (2023: 25,283 Restricted Shares), and the respective fair value of the share-based payments recognised for the year ended 31 December 2024 was HK$2.0 million (2023: HK$1.7 million). No award shares were lapsed/forfeited in 2024 (2023: nil);

- David C F Tang was granted 31,350 Restricted Shares on 8 April 2020, 17,200 Restricted Shares and 47,850 Performance Shares on 8 April 2021, 46,000 Restricted Shares on 8 April 2022, 25,100 Restricted Shares on 11 April 2023, 16,522 Performance Shares on 18 March 2024, and 41,700 Restricted Shares and 93,550 Performance Shares on 8 April 2024, of which a total of 29,433 Restricted Shares and 64,372 Performance Shares were vested in 2024 (2023: 31,516 Restricted Shares), and the respective fair value of the share-based payments recognised for the year ended 31 December 2024 was HK$2.3 million (2023: HK$2.0 million). No award shares were lapsed/forfeited in 2024 (2023: nil);

- Sammy K W Wong was granted 7,650 Restricted Shares on 8 April 2020, 7,350 Restricted Shares and 10,100 Performance Shares on 8 April 2021, 8,050 Restricted Shares on 8 April 2022, and 16,400 Restricted Shares on 11 April 2023, 3,487 Performance Shares on 18 March 2024, and 21,800 Restricted Shares and 93,550 Performance Shares on 8 April 2024, of which a total of 10,599 Restricted Shares and 13,587 Performance Shares were vested in 2024 (2023: 7,683 Restricted Shares), and the respective fair value of the share-based payments recognised for the year ended 31 December 2024 was HK$1.3 million (2023: HK$0.6 million). No award shares were lapsed/forfeited in 2024 (2023: nil); and

- Herbert L W Hui was granted 29,050 Restricted Shares on 8 April 2020, 15,600 Restricted Shares and 47,850 Performance Shares on 8 April 2021, 37,850 Restricted Shares on 8 April 2022, 17,100 Restricted Shares on 11 April 2023, and 16,522 Performance Shares on 18 March 2024, of which a total of 64,372 Performance Shares were vested in 2024 (2023: 75,034 Restricted Shares), and the respective fair value of the share-based payments recognised for the year ended 31 December 2024 was HK$0.4 million (2023: HK$2.6 million). No award shares were lapsed/forfeited in 2024 (2023: nil).

The details of the interest in the Company's shares of the Members of the Board and the Members of the Executive Directorate are disclosed in the Report of the Members of the Board and note 44.

(iii) For the years ended 31 December 2024 and 2023, the five individuals with the highest emoluments were Members of the Executive Directorate of the Company, whose emoluments are shown above.

(iv) The aggregate emoluments and share-based payments of Members of the Board and the Executive Directorate for the year was HK$138.9 million (2023: HK$130.7 million).

(v) The Company has a service contract with each of the independent non-executive Directors ("INEDs")/non-executive Directors ("NEDs") (excluding three additional directors appointed pursuant to Section 8 of the MTR Ordinance) specifying the terms of his/her continuous appointments as an INED/a NED and a Member of the relevant Board Committees and/or Advisory Panel, for a period not exceeding three years. He/she is also subject to retirement by rotation and re-election at the Company's annual general meetings in accordance with the Articles of Association where applicable. Dr Rex P K Auyeung, the non-executive Chairman of the Company since 1 July 2019, was re-appointed by The Financial Secretary Incorporated ("FSI") on 7 March 2024 for an additional one-and-a-half-year term, to 31 December 2025.

B Award Shares

Award Shares granted, vested, lapsed and/or forfeited, and outstanding in respect of each Member of the Executive Directorate for the year ended 31 December 2024 are set out in the Report of the Members of the Board.

Under the Executive Share Incentive Scheme as described in note 44, all Members of the Executive Directorate may be granted an award of Restricted Shares and/or Performance Shares (collectively known as "Award Shares"). Restricted Shares are awarded on the basis of individual performance. Performance Shares are awarded every three years and vest subject to the performance of the Company over a pre-determined performance period, assessed with reference to such Board-approved performance metric and in respect of such performance period, and any other performance conditions, as determined by the Remuneration Committee from time to time.

Award Shares granted to the Members of the Executive Directorate under the Company's Executive Share Incentive Scheme are expensed as share-based payments under staff costs as set out in note 2U(iii). In accordance with that policy, staff costs are determined by reference to the fair value of the award shares granted, taking into account all non-vesting conditions associated with the grants and recognised over the relevant vesting periods, and includes adjustments to reverse amounts accrued in previous years where grants of Award Shares are lapsed/forfeited prior to vesting.

An award of Restricted Shares will vest ratably over three years in equal tranches (unless otherwise determined by the Remuneration Committee). An award of Performance Shares will vest upon certification by the Remuneration Committee that the relevant performance metric and performance conditions have been achieved.

12 Hong Kong Property Development Profit from Share of Surplus, Income and Interest in Unsold Properties

Hong Kong property development profit from share of surplus, income and interest in unsold properties comprises:

in HK$ million	2024	2023
Share of surplus, income and interest in unsold properties from property development	**12,132**	2,335
Agency fee and other income from West Rail property development (note 24C)	**60**	8
Overheads	**(7)**	(14)
Hong Kong property development profit (pre-tax)	**12,185**	2,329
Hong Kong property development profit (post-tax)	**10,235**	2,035

For the year ended 31 December 2024, profit attributable to shareholders of the Company arising from Hong Kong property development of HK$10,235 million (2023: HK$2,035 million) represents Hong Kong property development profit of HK$12,185 million (2023: HK$2,329 million) and related income tax expenses of HK$1,950 million (2023: HK$294 million).

13 (Loss)/Gain from Fair Value Measurement of Investment Properties

(Loss)/gain from fair value measurement of investment properties comprises:

in HK$ million	2024	2023
(Loss)/gain from fair value remeasurement on investment properties	**(3,821)**	26
Gain from fair value measurement of investment properties on initial recognition from property development	**2,118**	1,360
	(1,703)	1,386

During the year ended 31 December 2023, investment property with a carrying value of HK$5.2 billion was initially recognised upon the receipt of a shopping mall from a property development project.

In accordance with the Group's accounting policies, deferred income of HK$5.0 billion was initially recognised after taking into account HK$0.2 billion cost incurred/to be incurred by the Group in connection with this property development. The outstanding risks and obligations retained by the Group will be reassessed at the end of each reporting period. Any reduction in the amount of outstanding risks and obligations will be accounted for as a decrease in deferred income and a corresponding "Gain from fair value measurement of investment properties on initial recognition from property development" in profit or loss of that reporting period.

During the year ended 31 December 2024, after reassessing the outstanding risks and obligations retained by the Group at the end of reporting period, HK$2.1 billion (2023: HK$1.4 billion) was recognised as gain from fair value measurement of investment properties on initial recognition from property development in profit or loss. As at 31 December 2024, deferred income of HK$1.5 billion (2023: HK$3.6 billion) was recognised in the Group's consolidated statement of financial position and included in "Creditors, other payables and provisions".

14 Depreciation and Amortisation

Depreciation and amortisation comprise:

in HK$ million	2024	2023
Depreciation charge relating to:		
– Owned property, plant and equipment	**3,574**	3,727
– Right-of-use assets	**357**	350
	3,931	4,077
Amortisation charge:		
– Amortisation charge relating to service concession assets and other intangible assets	**2,213**	2,028
	6,144	6,105

15 Interest and Finance Charges

in HK$ million	2024		2023	
Interest expenses in respect of:				
– Bank loans, overdrafts and capital market instruments	**2,611**		1,816	
– Obligations under service concession	**676**		681	
– Lease liabilities	**21**		40	
– Others	**20**		28	
Finance charges	**56**		42	
Exchange (gain)/loss	**(389)**		82	
		2,995		2,689
Derivative financial instruments:				
– Fair value hedges	**(105)**		9	
– Cash flow hedges:				
– transferred from hedging reserve to interest expenses	**(127)**		(57)	
– transferred from hedging reserve to offset exchange gain/(loss)	**476**		(75)	
– transferred from hedging reserve upon discontinuation of cash flow hedge	**(4)**		–	
– Derivatives not adopting hedge accounting	**2**		17	
		242		(106)
Interest expenses capitalised		**(964)**		(667)
		2,273		1,916
Interest income in respect of:				
– Deposits with banks	**(1,105)**		(669)	
– Others	**(136)**		(108)	
		(1,241)		(777)
		1,032		1,139

During the year ended 31 December 2024, interest expenses capitalised were calculated on a monthly basis at the pre-determined cost of borrowings and/or the relevant group companies' borrowing cost which varied from 3.5% to 3.9% per annum (2023: 3.1% to 4.0% per annum).

During the year ended 31 December 2024, the gain resulting from fair value changes of the underlying financial assets and liabilities being hedged under fair value hedge was HK$126 million (2023: loss of HK$90 million) while the loss resulting from fair value changes of hedging instruments comprising interest rate and cross currency swaps was HK$29 million (2023: gain of HK$81 million), thus resulting in a net gain of HK$97 million (2023: net loss of HK$9 million).

16 Income Tax in the Consolidated Statement of Profit or Loss

A Income tax in the consolidated statement of profit or loss represents:

in HK$ million	2024	2023
Current tax		
– Hong Kong Profits Tax	**2,086**	610
– Tax outside Hong Kong	**389**	377
	2,475	987
Deferred tax		
– Origination and reversal of temporary differences on:		
– tax losses	**7**	68
– depreciation allowances in excess of related depreciation	**1,018**	638
– revaluation of properties	**–**	(34)
– provisions and others	**(44)**	(102)
– right-of-use assets	**(12)**	4
– lease liabilities	**14**	14
	983	588
	3,458	1,575

Except for the Company which is a qualifying corporation under the two-tiered Profits Tax rate regime in Hong Kong, the provision for Hong Kong Profits Tax for the year ended 31 December 2024 is calculated at 16.5% (2023: 16.5%) on the estimated assessable profits for the year after deducting accumulated tax losses brought forward, if any. Under the two-tiered Profits Tax rate regime, the Company's first HK$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for the Company was calculated on the same basis in 2024 and 2023.

Current taxes for subsidiaries outside Hong Kong are charged at the appropriate current rates of taxation ruling in the relevant tax jurisdictions.

Provision for deferred tax on temporary differences arising in Hong Kong is calculated at the Hong Kong Profits Tax rate at 16.5% (2023: 16.5%), while that arising outside Hong Kong is calculated at the appropriate current rates of taxation ruling in the relevant tax jurisdictions.

B Since the Rail Merger in 2007, the Company has claimed annual Hong Kong Profits Tax deductions in respect of the amortisation of upfront payment and cut-over liabilities, and fixed annual payments and variable annual payments relating to the Rail Merger (collectively "the Sums"). The total tax amount in respect of the Sums for the years of tax assessment from 2007/2008 to 2024/2025 amounted to HK$5.8 billion (for the years of tax assessment from 2007/2008 to 2023/2024: HK$5.1 billion). As disclosed in previous years:

(i) As of 31 December 2024, the Inland Revenue Department of Hong Kong ("IRD") issued notices of profits tax assessments/additional profits tax assessments for the years of assessment from 2009/2010 to 2017/2018 disallowing deduction of the Sums in the computation of the Company's assessable profits. Based on the strength of advice from the external legal counsel and its tax advisor, the Company has lodged objections against these tax assessments (regarding the deductibility of the Sums) and has applied to hold over the additional tax demanded. The IRD has agreed to the holdover of the additional tax demanded subject to the purchases of tax reserve certificates ("TRCs") amounting to HK$2.3 billion. The Company has purchased the required TRCs and the additional tax demanded has been held over by IRD. The purchases of TRCs do not prejudice the Company's tax position and the purchased TRCs were included in "Debtors and other receivables" in the Group's consolidated statement of financial position.

(ii) On 20 May 2022, the Commissioner of Inland Revenue issued a determination to the Company disagreeing with the objections lodged by the Company and confirming profits tax assessment/additional profits tax assessments in respect of the Sums in dispute for the years of assessment from 2011/2012 to 2017/2018 (i.e. holding that the Sums are not deductible in the computation of the Company's assessable profits for those years of assessment). The Company re-affirmed the case with the external legal counsel who advised the Company previously and its tax advisor, and obtained further advice from another external legal counsel. Based on the advice from the external legal counsel and its tax advisor, the directors of the Company believe that the Company has strong legal grounds and have determined to contest and appeal against the assessments for the years of assessment from 2011/2012 to 2017/2018. Accordingly, the Company lodged a notice of appeal to the Inland Revenue Board of Review on 16 June 2022.

(iii) After discussing with the external legal counsel and its tax advisor on the approach to the appeal, the Company decided not to pursue its deduction claims in respect of the amortisation of upfront payment and cut-over liabilities during the opening submission before Board of Review. As the Company had already made the related tax provision for the amortisation of upfront payment and cut-over liabilities in the past years taking into account the uncertainty in their tax deductibility, no additional tax provision is required.

As mentioned above, the total tax amount in respect of the Sums for the years of tax assessment from 2007/2008 to 2024/2025 amounted to HK$5.8 billion (for the years of tax assessment from 2007/2008 to 2023/2024: HK$5.1 billion). As of 31 December 2024, the related tax provision made for the amortisation of upfront payment and cut-over liabilities amounted to HK$0.2 billion (2023: HK$0.2 billion). The hearing of appeal was held before the Board of Review in early 2024.

16 Income Tax in the Consolidated Statement of Profit or Loss *(continued)*

On 6 August 2024, the Board of Review has issued its decision ("the Board of Review Decision") and has 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.

The Company, external legal counsel and its tax advisor have completed their review of the Board of Review Decision and the advice obtained continues to be that the Company has strong legal grounds to support its position. Based on the strength of advice from external legal counsel and its tax advisor, 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. The hearing for the application of leave to appeal was held before the Court of First Instance in late February 2025. As at the date of the annual report, the Court of First Instance has yet to hand down its decision on whether to grant leave to appeal. The Company has conferred with external legal counsel and its tax advisor and the advice obtained is that the Company currently continues to have strong legal grounds to support its position. As such, no additional tax provision has been made.

C Reconciliation between tax expense and accounting profit or loss at applicable tax rates:

	2024		2023	
	HK$ million	%	HK$ million	%
Profit before taxation	**19,525**		9,663	
Notional tax on profit before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned	**3,390**	**17.4**	1,561	16.2
Tax effect of non-deductible expenses	**809**	**4.1**	305	3.1
Tax effect of non-taxable revenue	**(786)**	**(4.0)**	(555)	(5.7)
Tax effect of unused tax losses not recognised	**63**	**0.3**	276	2.8
Utilisation of tax losses previously not recognised	**(18)**	**(0.1)**	(12)	(0.1)
Actual tax expenses	**3,458**	**17.7**	1,575	16.3

D Pillar Two Income Taxes

The Group operates in Australia, Sweden and the United Kingdom, where these jurisdictions have enacted or substantially enacted new tax laws to implement the Pillar Two model rules published by the OECD.

The Group has applied the temporary mandatory exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes and has accounted for the tax as current tax when incurred, if any. During the year ended 31 December 2024, the Group has recognised HK$nil for the current tax relating to the Pillar Two model rules for Australia, Sweden and the United Kingdom, where new tax laws became effective on 1 January 2024.

17 Dividends

Ordinary dividends to shareholders of the Company are as follows:

in HK$ million	**2024**	2023
Ordinary dividends attributable to the year		
– Interim ordinary dividend declared and paid of HK$0.42 (2023: HK$0.42) per share	**2,614**	2,610
– Final ordinary dividend proposed after the end of the reporting period of HK$0.89 (2023: HK$0.89) per share	**5,541**	5,533
	8,155	8,143
Ordinary dividends attributable to the previous year		
– Final ordinary dividend of HK$0.89 (2023: HK$0.89 per share attributable to year 2022) per share approved and paid during the year	**5,533**	5,520

The 2024 final ordinary dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

Details of ordinary dividends paid to the FSI are disclosed in note 47Q.

18 Earnings Per Share

A Basic Earnings Per Share

The calculation of basic earnings per share is based on the profit attributable to shareholders of the Company for the year ended 31 December 2024 of HK$15,772 million (2023: HK$7,784 million) and the weighted average number of ordinary shares in issue less shares held for Executive Share Incentive Scheme, which is calculated as follows:

	2024	2023
Issued ordinary shares at 1 January	**6,217,197,282**	6,202,060,784
Effect of scrip dividend issued	**3,521,244**	6,203,749
Less: Shares held for Executive Share Incentive Scheme	**(8,057,365)**	(6,164,436)
Weighted average number of ordinary shares in issue less shares held for Executive Share Incentive Scheme during the year	**6,212,661,161**	6,202,100,097

B Diluted Earnings Per Share

The calculation of diluted earnings per share is based on the profit attributable to shareholders of the Company for the year ended 31 December 2024 of HK$15,772 million (2023: HK$7,784 million) and the weighted average number of ordinary shares in issue less shares held for Executive Share Incentive Scheme after adjusting for the dilutive effect of the Company's Executive Share Incentive Scheme, which is calculated as follows:

	2024	2023
Weighted average number of ordinary shares in issue less shares held for Executive Share Incentive Scheme during the year	**6,212,661,161**	6,202,100,097
Effect of shares awarded under Executive Share Incentive Scheme	**8,725,631**	6,214,868
Weighted average number of shares (diluted) during the year	**6,221,386,792**	6,208,314,965

C Both basic and diluted earnings per share would have been HK$2.81 (2023: HK$1.03), if the calculation is based on profit attributable to shareholders of the Company arising from underlying businesses of HK$17,475 million (2023: HK$6,364 million).

19 Other Comprehensive (Loss)/Income

A Tax effects relating to each component of other comprehensive (loss)/income of the Group are shown below:

	2024			2023		
in HK$ million	Before-tax amount	Tax credit/ (expenses)	Net-of-tax amount	Before-tax amount	Tax (expenses)/ credit	Net-of-tax amount
Exchange differences on translation of:						
– Financial statements of subsidiaries, associates and joint ventures outside Hong Kong	**(762)**	**–**	**(762)**	(378)	–	(378)
– Non-controlling interests	**(40)**	**–**	**(40)**	26	–	26
	(802)	**–**	**(802)**	(352)	–	(352)
(Loss)/surplus on revaluation of self-occupied buildings	**(152)**	**25**	**(127)**	29	(5)	24
Remeasurement of net asset/liability of defined benefit schemes	**170**	**(26)**	**144**	(247)	53	(194)
Cash flow hedges: net movement in hedging reserve (note 19B)	**323**	**(53)**	**270**	(728)	120	(608)
Other comprehensive (loss)/income	**(461)**	**(54)**	**(515)**	(1,298)	168	(1,130)

19 Other Comprehensive (Loss)/Income *(continued)*

B The components of other comprehensive (loss)/income of the Group relating to cash flow hedges are as follows:

in HK$ million	**2024**	2023
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments recognised during the year	**(28)**	(621)
Amounts transferred to initial carrying amount of hedged items	**1**	–
Amounts transferred to profit or loss during the year:		
– Interest and finance charges (note 15)	**345**	(132)
– Other expenses	**5**	25
	323	(728)
Tax effect resulting from:		
– Effective portion of changes in fair value of hedging instruments recognised during the year	**5**	102
– Amounts transferred to profit or loss during the year	**(58)**	18
	270	(608)

20 Investment Properties and Other Property, Plant and Equipment

A Investment Properties

Movements of the Group's investment properties, all of which being held in Hong Kong and Mainland China and carried at fair value, are as follows:

in HK$ million	**2024**	2023
At 1 January	**98,205**	91,671
Additions*	**2,053**	6,517
Disposal of a subsidiary (note 7)	**(93)**	–
Fair value remeasurement on investment properties (note 13)	**(3,821)**	26
Exchange differences	**(22)**	(9)
At 31 December	**96,322**	98,205

* Additions for the year include the fair value measurement of investment properties on initial recognition from property development of HK$nil (2023: HK$5,211 million) (note 13), the amount reclassified from prepayment of HK$1,522 million (2023: HK$nil) and the amount transferred from deferred expenditure of HK$nil (2023: HK$92 million).

All investment properties of the Group were remeasured at 31 December 2024 and 2023. Details of the fair value measurement are disclosed in note 43. Investment properties in Hong Kong and Mainland China are remeasured semi-annually by independent firms of surveyor, Colliers International (Hong Kong) Limited and Cushman & Wakefield Limited respectively. Future market condition changes may result in further gains or losses to be recognised through the consolidated statement of profit or loss in future periods.

Included in the Group's investment properties as at 31 December 2024 was HK$1,349 million (2023: HK$316 million) relating to properties in Mainland China.

20 Investment Properties and Other Property, Plant and Equipment *(continued)*

B Other Property, Plant and Equipment

in HK$ million	Leasehold land	Self-occupied buildings	Civil works	Plant and equipment	Assets under construction	Total
2024						
Cost or Valuation						
At 1 January 2024	**1,765**	**3,938**	**62,502**	**94,296**	**14,901**	**177,402**
Additions#	**–**	**31**	**1**	**313**	**7,411**	**7,756**
Disposals/write-offs	**–**	**(23)**	**(1)**	**(1,376)**	**(12)**	**(1,412)**
Loss on revaluation	**–**	**(304)**	**–**	**–**	**–**	**(304)**
Transfer to investment properties (note 20A)	**–**	**–**	**–**	**–**	**(7)**	**(7)**
Transfer from/(to) Services Concession Assets (note 21)	**–**	**–**	**2**	**(4)**	**(1)**	**(3)**
Reclassification within other property, plant and equipment	**–**	**–**	**–**	**5**	**(5)**	**–**
Other assets commissioned	**–**	**–**	**13**	**3,431**	**(3,444)**	**–**
Exchange differences	**–**	**(22)**	**–**	**(132)**	**(1)**	**(155)**
At 31 December 2024	**1,765**	**3,620**	**62,517**	**96,533**	**18,842**	**183,277**
At Cost	**1,765**	**400**	**62,517**	**96,533**	**18,842**	**180,057**
At 31 December 2024 Valuation	**–**	**3,220**	**–**	**–**	**–**	**3,220**
Accumulated depreciation						
At 1 January 2024	**510**	**261**	**11,558**	**61,352**	**–**	**73,681**
Charge for the year	**34**	**243**	**565**	**3,089**	**–**	**3,931**
Written back on disposals	**–**	**(7)**	**–**	**(1,282)**	**–**	**(1,289)**
Written back on revaluation	**–**	**(152)**	**–**	**–**	**–**	**(152)**
Exchange differences	**–**	**(16)**	**–**	**(101)**	**–**	**(117)**
At 31 December 2024	**544**	**329**	**12,123**	**63,058**	**–**	**76,054**
Net book value at 31 December 2024	**1,221**	**3,291**	**50,394**	**33,475**	**18,842**	**107,223**
2023						
Cost or Valuation						
At 1 January 2023	1,765	4,089	62,382	93,565	12,059	173,860
Additions#	–	97	–	254	5,549	5,900
Disposals/write-offs	–	(84)	(1)	(1,579)	(12)	(1,676)
Loss on revaluation	–	(123)	–	–	–	(123)
Capitalisation adjustments*	–	–	–	(3)	–	(3)
Transfer from/(to) Services Concession Assets (note 21)	–	–	1	(5)	(10)	(14)
Reclassification within other property, plant and equipment	–	–	107	(100)	(7)	–
Reclassification as assets of disposal group classified as held for sale	–	(51)	–	(558)	(1)	(610)
Other assets commissioned	–	–	13	2,664	(2,677)	–
Exchange differences	–	10	–	58	–	68
At 31 December 2023	1,765	3,938	62,502	94,296	14,901	177,402
At Cost	1,765	415	62,502	94,296	14,901	173,879
At 31 December 2023 Valuation	–	3,523	–	–	–	3,523
Accumulated depreciation						
At 1 January 2023	476	269	10,956	59,862	–	71,563
Charge for the year	34	236	603	3,204	–	4,077
Written back on disposals	–	(64)	(1)	(1,540)	–	(1,605)
Written back on revaluation	–	(152)	–	–	–	(152)
Reclassification as assets of disposal group classified as held for sale	–	(39)	–	(215)	–	(254)
Exchange differences	–	11	–	41	–	52
At 31 December 2023	510	261	11,558	61,352	–	73,681
Net book value at 31 December 2023	1,255	3,677	50,944	32,944	14,901	103,721

After taking into account the utilisation of government grant (if any).

* Capitalisation adjustments related to adjustments on the cost of assets to their final contract values after finalisation of contracts.

20 Investment Properties and Other Property, Plant and Equipment *(continued)*

C Right-of-use Assets

At 31 December 2024 and 2023, the analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

in HK$ million	Note	**2024**	2023
Ownership interests in leasehold land held for own use, with remaining lease term of:	(i)		
– less than 50 years		**1,221**	1,255
Ownership interests in self-occupied buildings held for own use, with remaining lease term of:	(i)		
– less than 50 years		**3,220**	3,523
Other self-occupied buildings leased for own use, with remaining lease term of:	(ii)		
– less than 10 years		**71**	154
Plant and equipment leased, with remaining lease term of:	(iii)		
– between 10 and 50 years		**877**	284
– less than 10 years		**123**	136
		5,512	5,352
Ownership interests in leasehold investment properties, with remaining lease term of:			
– 50 years or more		**13**	14
– less than 50 years		**96,309**	98,069
		96,322	98,083
Other leasehold investment property, with remaining lease term of:			
– less than 10 years		**–**	122
		96,322	98,205
		101,834	103,557

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

in HK$ million	**2024**	2023
Depreciation charge of right-of-use assets by class of underlying asset:		
Ownership interests in leasehold land held for own use	**34**	34
Ownership interests in self-occupied buildings held for own use	**152**	152
Other self-occupied buildings leased for own use	**91**	84
Plant and equipment leased	**80**	80
	357	350
Interest on lease liabilities	**21**	40
Expense relating to short-term leases	**27**	14
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	**12**	13

During the year, additions to right-of-use assets were HK$2,759 million (2023: HK$6,682 million). This amount primarily related to additions of investment properties, including fair value measurement of investment properties on initial recognition from property development (note 13).

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 42C and 35D, respectively.

20 Investment Properties and Other Property, Plant and Equipment *(continued)*

C Right-of-use Assets *(continued)*

(i) Ownership Interests in Leasehold Land and Buildings Held for Own Use

The lease of the land on which civil works as well as plant and equipment are situated for Hong Kong transport operations was granted to the Company under a running line lease which is coterminous with the Company's franchise to operate the mass transit railway under the Operating Agreement (notes 47A, 47B and 47C).

Under the terms of the lease, the Company undertakes to keep and maintain all the leased areas, including underground and overhead structures, at its own cost. With respect to parts of the railway situated in structures where access is shared with other users, such as the Lantau Fixed Crossing, the Company's obligation for maintenance is limited to the railway only. All maintenance costs incurred under the terms of the lease have been dealt with as expenses relating to Hong Kong transport operations in the consolidated statement of profit or loss.

All self-occupied buildings of the Group in Hong Kong are carried at fair value. The details of the fair value measurement are disclosed in note 43. The revaluation loss of HK$152 million (2023: surplus of HK$29 million) and the related deferred tax credit of HK$25 million (2023: tax expenses of HK$5 million) has been recognised in other comprehensive income/loss and accumulated in the fixed assets revaluation reserve (note 41C). The carrying amount of the self-occupied buildings at 31 December 2024 would have been HK$561 million (2023: HK$587 million) had the buildings been stated at cost less accumulated depreciation.

(ii) Other Self-occupied Buildings Leased for Own Use

The Group has obtained the right to use other properties as its offices through tenancy agreements. The leases typically run for an initial period of 4 to 7 years.

(iii) Other Leases

The Group leases plant and equipment under leases expiring from 2 to 20 years. Some leases include an option to renew the lease when all terms are renegotiated, while some include an option to purchase the leased equipment at the end of the lease term at a price deemed to be a bargain purchase option. None of the leases includes variable lease payments.

D Properties Leased Out under Operating Leases

The Group leases out investment properties and station kiosks, including duty free shops, under operating leases. The leases typically run for an initial period of 1 to 5 years, with an option to renew the lease after that date, at which time all terms will be renegotiated. Lease payments are adjusted periodically to reflect market rentals. Certain leases carry additional rental based on turnover, some of which are with reference to thresholds. Lease incentives granted are amortised in the consolidated statement of profit or loss as an integral part of the net lease payment receivable.

The gross carrying amount of investment properties of the Group held for use in operating leases were HK$96,322 million (2023: HK$98,205 million). The costs of station kiosks of the Group held for use in operating leases were HK$983 million (2023: HK$961 million) and the related accumulated depreciation charges were HK$637 million (2023: HK$606 million).

Total future minimum lease receipts under non-cancellable operating leases are receivable as follows:

in HK$ million	**2024**	2023
Within 1 year	**6,854**	6,869
After 1 year but within 2 years	**4,926**	5,365
After 2 years but within 3 years	**2,854**	2,708
After 3 years but within 4 years	**588**	1,153
After 4 years but within 5 years	**281**	491
After 5 years	**215**	340
	15,718	16,926

20 Investment Properties and Other Property, Plant and Equipment *(continued)*

E In March 2003, the Group entered into a series of structured transactions with unrelated third parties to lease out and lease back certain of its passenger cars ("Lease Transaction") involving a total original cost of HK$2,562 million and a total net book value of HK$1,674 million as at 31 March 2003. Under the Lease Transaction, the Group has leased the assets to institutional investors in the United States (the "Investors"), who have prepaid all the rentals in relation to the lease agreement. Simultaneously, the Group has leased the assets back from the Investors based on terms ranging from 21 to 29 years with an obligation to pay rentals in accordance with a pre-determined payment schedule. The Group has an option to purchase the Investors' leasehold interest in the assets at the expiry of the lease term for fixed amounts. Part of the rental prepayments received from the Investors has been invested in debt securities to meet the Group's rental obligations and the amount payable for exercising the purchase option under the Lease Transaction. The Group has an obligation to replace these debt securities with other debt securities in the event those securities do not meet certain credit ratings requirements. In addition, the Group has provided standby letters of credit to the Investors to cover additional amounts payable by the Group in the event the transactions are terminated prior to the expiry of the lease terms.

The Group retains legal title to the assets and there are no restrictions on the Group's ability to utilise these assets in the operation of the railway business.

As a result of the Lease Transaction, an amount of approximately HK$3,688 million was received in an investment account and was used to purchase debt securities ("Defeasance Securities") to be used to settle the long-term lease payments with an estimated net present value of approximately HK$3,533 million in March 2003. This resulted in the Group having received in 2003 an amount of HK$141 million net of costs. As the Group is not able to control the investment account in pursuit of its own objectives and its obligations to pay the lease payments are funded by the proceeds of the above investments, those obligations and investments in the Defeasance Securities were not recognised in March 2003 as liabilities and assets of the Group. The net amount of cash received was accounted for as deferred income by the Group and amortised to the consolidated statement of profit or loss over the lease period until 2008, when credit ratings of some of these Defeasance Securities were downgraded and subsequently replaced by standby letters of credit, the charge on which had fully offset the remaining balance of the deferred income.

During the year ended 31 December 2024, part of the Lease Transaction expired and the related non-defeased obligation were fully settled.

21 Service Concession Assets

Movements and analysis of the Group's service concession assets are as follows:

	KCRC Rail Merger								
in HK$ million	Initial concession property	Additional concession property	Additional concession property (High Speed Rail)	Additional concession property (Shatin to Central Link)	Shenzhen Metro Line 4	Shenzhen Metro Line 13	MTR Nordic	London Elizabeth Line	Total
2024									
Cost									
At 1 January 2024	**15,226**	**27,070**	**484**	**355**	**8,224**	**2,293**	**69**	**54**	**53,775**
Net additions during the year	**–**	**3,116**	**121**	**156**	**60**	**1,933**	**–**	**–**	**5,386**
Disposals and transfers	**–**	**(174)**	**–**	**(1)**	**(64)**	**–**	**(17)**	**–**	**(256)**
Net transfer from other property, plant and equipment (note 20)	**–**	**2**	**–**	**1**	**–**	**–**	**–**	**–**	**3**
Reclassification within service concession assets	**–**	**(11)**	**–**	**11**	**–**	**–**	**–**	**–**	**–**
Exchange differences	**–**	**–**	**–**	**–**	**(277)**	**(76)**	**(4)**	**(1)**	**(358)**
At 31 December 2024	**15,226**	**30,003**	**605**	**522**	**7,943**	**4,150**	**48**	**53**	**58,550**
Accumulated amortisation and impairment loss									
At 1 January 2024	**4,898**	**7,142**	**88**	**27**	**4,793**	**–**	**63**	**54**	**17,065**
Amortisation charge for the year	**304**	**1,563**	**68**	**20**	**255**	**2**	**–**	**–**	**2,212**
Written-off on disposals	**–**	**(146)**	**–**	**–**	**(40)**	**–**	**(11)**	**–**	**(197)**
Exchange differences	**–**	**–**	**–**	**–**	**(170)**	**–**	**(4)**	**(1)**	**(175)**
At 31 December 2024	**5,202**	**8,559**	**156**	**47**	**4,838**	**2**	**48**	**53**	**18,905**
Net book value at 31 December 2024	**10,024**	**21,444**	**449**	**475**	**3,105**	**4,148**	**–**	**–**	**39,645**

21 Service Concession Assets *(continued)*

in HK$ million	KCRC Rail Merger: Initial concession property	KCRC Rail Merger: Additional concession property	Additional concession property (High Speed Rail)	Additional concession property (Shatin to Central Link)	Shenzhen Metro Line 4	Shenzhen Metro Line 13	MTR Nordic	London Elizabeth Line	Total
2023									
Cost									
At 1 January 2023	15,226	24,728	345	249	8,403	1,816	69	54	50,890
Net additions during the year	–	2,535	139	99	78	429	–	–	3,280
Disposals	–	(199)	–	(1)	(106)	–	–	–	(306)
Net transfer from other property, plant and equipment (note 20)	–	6	–	8	–	–	–	–	14
Exchange differences	–	–	–	–	(151)	48	–	–	(103)
At 31 December 2023	15,226	27,070	484	355	8,224	2,293	69	54	53,775
Accumulated amortisation and impairment loss									
At 1 January 2023	4,594	5,890	51	12	4,706	–	62	52	15,367
Amortisation charge for the year	304	1,413	37	15	255	–	1	2	2,027
Written-off on disposals	–	(161)	–	–	(63)	–	–	–	(224)
Exchange differences	–	–	–	–	(105)	–	–	–	(105)
At 31 December 2023	4,898	7,142	88	27	4,793	–	63	54	17,065
Net book value at 31 December 2023	10,328	19,928	396	328	3,431	2,293	6	–	36,710

A Initial concession property relates to the payments recognised at inception of the Rail Merger with KCRC while additional concession property relates to the expenditures for the upgrade of the initial concession property after inception of the Rail Merger. Additional concession property (High Speed Rail) and additional concession property (Shatin to Central Link) relate to the expenditures for the upgrade of the concession property of High Speed Rail and Shatin to Central Link respectively.

B SZL4 forms part of the Shenzhen Metro, which is operated by a wholly owned subsidiary, MTR Corporation (Shenzhen) Limited ("MTRSZ"). In July 2020, the Shenzhen Municipal Government announced that a fare adjustment framework for the Shenzhen Metro network would come into effect on 1 January 2021. The framework was expected to enable the establishment of a mechanism for fare setting and the implementation procedures for fare adjustments. Up to 31 December 2024, there has been no increase in SZL4's fare since MTRSZ started operating the line in 2010 whilst the operating costs continue to rise. As disclosed in previous years, if a suitable fare increase and adjustment mechanism are not implemented soon, the long-term financial viability of this line will be impacted.

At 30 June 2022, as it was anticipated that the mechanism and procedures for fare adjustments will take longer time to implement and patronage will remain at a lower level for a period of time, an impairment test was performed for SZL4 and an impairment provision of HK$962 million was recognised for the SZL4 service concession assets in the consolidated statement of profit or loss for the six months ended 30 June 2022.

Based on the review performed by the Group as at 31 December 2024 and 2023, no further impairment loss was recognised as at 31 December 2024 and 2023.

C On 30 October 2020, MTR CREC Metro (Shenzhen) Company Ltd., a subsidiary of the Company, signed the Project Concession Agreement with the Shenzhen Municipal Government for a Build-Operate-Transfer ("BOT") project in respect of the construction of SZL13 and the operation of SZL13 for a term of 30 years. Accordingly, the fair value of construction services rendered during the year ended 31 December 2024 of HK$1,310 million (2023: HK$429 million) was capitalised as service concession assets by reference to the stage of completion at the end of the reporting period.

Total capital cost for the project is estimated at RMB4.9 billion (HK$5.2 billion). As at 31 December 2024, the Group has incurred cumulative expenditure of RMB3.2 billion (HK$3.4 billion) and has authorised outstanding commitments totalling RMB1.7 billion (HK$1.8 billion) in relation to the project which are included in capital commitment (note 48A).

22 Railway Construction Projects under Entrustment by the HKSAR Government

A Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link ("High Speed Rail" or "HSR") Project

(a) Entrustment Agreements

The HKSAR Government and the Company entered into the HSR Preliminary Entrustment Agreement in 2008, and the HSR Entrustment Agreement in 2010 (together, the "**Entrustment Agreements**"), in relation to the HSR.

Pursuant to the HSR Preliminary Entrustment Agreement, the HKSAR Government is obligated to pay the Company the Company's in-house design costs and certain on-costs, preliminary costs and staff costs.

Pursuant to the HSR Entrustment Agreement, the Company is responsible for carrying out or procuring the carrying out of the agreed activities for the planning, design, construction, testing and commissioning of the HSR and the HKSAR Government, as owner of HSR, is responsible for bearing and financing the full amount of the total cost of such activities (the "**Entrustment Cost**") and for paying to the Company a fee in accordance with an agreed payment schedule (the "**HSR Project Management Fee**") (subsequent amendments to these arrangements are described below).

The HKSAR Government has the right to claim against the Company if the Company breaches the HSR Entrustment Agreement (including, if the Company breaches the warranties it gave in respect of its project management services) and, under the HSR Entrustment Agreement, to be indemnified by the Company in relation to losses suffered by the HKSAR Government as a result of any negligence of the Company in performing its obligations under the HSR Entrustment Agreement or any breach of the HSR Entrustment Agreement by the Company. Under the HSR Entrustment Agreement, the Company's total aggregate liability to the HKSAR Government arising out of or in connection with the Entrustment Agreements (other than for death or personal injury) is subject to a cap equal to the total of HSR Project Management Fee and any other fees that the Company receives under the HSR Entrustment Agreement and certain fees received by the Company under the HSR Preliminary Entrustment Agreement (the "**Liability Cap**"). In accordance with general principles of law, such Liability Cap could not be relied upon if the Company were found to be liable for the fraudulent or other dishonest conduct of its employees or agents, to the extent that the relevant loss had been caused by such fraudulent or other dishonest conduct. Although the HKSAR Government has reserved the right to refer to arbitration the question of the Company's liability for the Current Cost Overrun (as defined hereunder) (if any) under the HSR Preliminary Entrustment Agreement and the HSR Entrustment Agreement (as more particularly described in note 22A(b)(v) below), up to the date of this annual report, no formal claim has been received from the HKSAR Government. In 2024, the HKSAR Government informed the Company of a number of areas of interest to it arising out of the Company's performance under the HSR Entrustment Agreements ("**Areas of Interest**") for which the HKSAR Government was seeking further information and explanations from the Company. Subsequently, in late 2024, the HKSAR Government invited the Company to take part in a series of Senior Executive Meetings as a forum to discuss and endeavour to settle issues between the parties in connection with the HSR project (as was contemplated under a protocol entered into between the parties in December 2021 (the "**Protocol**")). The first such meeting was held on 13 December 2024, at which the HKSAR Government submitted a "Position Paper" to the Company for the purpose of commencing discussions in accordance with the Protocol. The Company is reviewing the matters raised in the Position Paper and discussions with the HKSAR Government are ongoing.

(b) HSR Agreement

In 2015, as a result of the HSR programme being extended to the third quarter of 2018 and the Company and the HKSAR Government reaching agreement for revising the estimate project cost to HK$84.42 billion (the "**Revised Cost Estimate**"), the HKSAR Government and the Company entered into an agreement (the "**HSR Agreement**") relating to the further funding and completion of the HSR (and which made certain changes to the HSR Entrustment Agreement) which was subsequently approved by the Company's independent shareholders at an extraordinary general meeting, and the Legislative Council approved the HKSAR Government's additional funding obligations, during 2016. Pursuant to the HSR Agreement:

(i) The HKSAR Government will bear and finance the project cost up to HK$84.42 billion, which includes an increase in the project cost by the amount of HK$19.42 billion being the "**Current Cost Overrun**";

(ii) The Company will, if the project cost exceeds HK$84.42 billion, bear and finance the portion of the project cost which exceeds that sum (if any) (the "**Further Cost Overrun**") except for certain agreed excluded costs (namely, additional costs arising from changes in law, force majeure events or any suspension of construction contracts specified in the HSR Agreement);

(iii) The Company would pay a special dividend in cash of HK$4.40 in aggregate per share in two tranches in 2016 and 2017;

(iv) The HSR Project Management Fee increases from HK$4.59 billion to HK$6.34 billion. Consequently, the Liability Cap increases from up to HK$4.94 billion to up to HK$6.69 billion; and

(v) The HKSAR Government reserves the right to refer to arbitration the question of the Company's liability for the Current Cost Overrun (if any) under the Entrustment Agreements (including any question the HKSAR Government may have regarding the validity of the Liability Cap). The Entrustment Agreements contain dispute resolution mechanisms which include the right to refer a dispute to arbitration. If the arbitrator does not determine that the Liability Cap is invalid and determines that, but for the Liability Cap, the Company's liability under the Entrustment Agreements for the Current Cost Overrun would exceed the Liability Cap, the Company shall:

- bear such amount as is awarded to the HKSAR Government up to the Liability Cap;
- seek the approval of its independent shareholders, at another General Meeting (at which the FSI, the HKSAR Government and their Close Associates and Associates and the Exchange Fund will be required to abstain from voting), for the Company to bear the excess liability; and
- if the approval of the independent shareholders (referred to immediately above) is obtained, pay the excess liability to the HKSAR Government. If such approval is not obtained, the Company will not make such payment to the HKSAR Government.

22 Railway Construction Projects under Entrustment by the HKSAR Government *(continued)*

A Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link ("High Speed Rail" or "HSR") Project *(continued)*

(c) As at 31 December 2024, the Company has not made any provision in its consolidated financial statements in respect of:

(i) any possible liability of the Company for any Further Cost Overrun (if any), given the Company does not currently believe based on information available to date there is any need to revise further the Revised Cost Estimate;

(ii) any possible liability of the Company that may be determined in accordance with any arbitration that may take place (as more particularly described in note 22A(b)(v) above), given that (a) the Company has not received any notification from the HKSAR Government of any formal claim by the HKSAR Government against the Company or of any referral by the HKSAR Government to arbitration as of 31 December 2024 and up to the date of this annual report and the eventual outcome of any dialogue between the Company and the HKSAR Government on the Areas of Interest remains highly uncertain at the current stage; (b) the Company has the benefit of the Liability Cap; and (c) as a result of the HSR Agreement, the Company will not make any payment to the HKSAR Government in excess of the Liability Cap pursuant to a determination of the arbitrator without the approval of its independent shareholders; and where applicable, because the Company is not able to measure with sufficient reliability the amount of the Company's obligation or liability (if any).

B Shatin to Central Link ("SCL") Project

(a) SCL Agreements

The Company and the HKSAR Government entered into the SCL Preliminary Entrustment Agreement ("**SCL EA1**") in 2008, the SCL Advance Works Entrustment Agreement ("**SCL EA2**") in 2011, and the SCL Entrustment Agreement ("**SCL EA3**") in 2012 (together, the "**SCL Agreements**"), in relation to the SCL.

Pursuant to the SCL EA1, the Company is responsible for carrying out or procuring the carrying out of the design, site investigation and procurement activities while the HKSAR Government is responsible for funding directly the total cost of such activities.

Pursuant to the SCL EA2, the Company is responsible for carrying out or procuring the carrying out of the agreed works while the HKSAR Government is responsible for bearing and paying to the Company all the work costs ("**EA2 Advance Works Costs**"). The EA2 Advance Works Costs and the Interface Works Costs (as described below) are reimbursable by the HKSAR Government to the Company. During the year ended 31 December 2024, HK$53 million (2023: HK$84 million) of such costs were incurred by the Company, which are payable by the HKSAR Government. As at 31 December 2024, the amount of such costs which remained outstanding from the HKSAR Government was HK$166 million (2023: HK$144 million).

The SCL EA3 was entered into in 2012 for the construction and commissioning of the SCL. The HKSAR Government is responsible for bearing all the work costs specified in the SCL EA3 including costs to contractors and costs to the Company ("**Interface Works Costs**") (which the Company would pay upfront and recover from the HKSAR Government) except for certain costs of modification, upgrade or expansions of certain assets (including rolling stock, signalling, radio and main control systems) for which the Company is responsible under the existing service concession agreement with KCRC. The Company will contribute an amount in respect of the costs relating to such modifications, upgrades or expansions. This will predominantly be covered by the reduction in future maintenance capital expenditure which the Company would have otherwise incurred. The total sum entrusted to the Company by the HKSAR Government for the main construction works under the SCL EA3, including project management fee, was HK$70,827 million ("**Original Entrusted Amount**").

The Company is responsible for carrying out or procuring the carrying out of the works specified in the SCL Agreements for a project management fee of HK$7,893 million (the "**Original PMC**") which has been fully received by the Company and recognised in the consolidated statement of profit or loss in previous years.

(b) SCL EA3 Cost Overrun

(i) Cost to Complete

The Company has previously announced that, due to the continuing challenges posed by external factors, including issues such as delays due to the discovery of archaeological relics, the HKSAR Government's requests for additional scope and late or incomplete handover of construction sites, the Original Entrusted Amount under SCL EA3 would not be sufficient to cover the total estimated cost to complete ("**CTC**") and would need to be revised upwards significantly. After carrying out detailed reviews of the estimated CTC for the main construction works, on 10 February 2020, the Company submitted a revised estimated total CTC of HK$82,999 million ("**2020 CTC Estimate**"), including additional project management fee payable to the Company of HK$1,371 million ("**Additional PMC**"), being the additional cost to the Company of carrying out its remaining project management responsibilities under the SCL EA3, as detailed in note 22B(b)(ii) below but excluding the Hung Hom Incidents Related Costs in respect of which the Company had already recognised a provision of HK$2 billion in its consolidated statement of profit or loss for the year ended 31 December 2019 (as detailed in note 22B(c)(ii) below). The 2020 CTC Estimate represents an increase of HK$12,172 million from the Original Entrusted Amount of HK$70,827 million.

The HKSAR Government obtained the approval from Legislative Council on 12 June 2020 for additional funding required for the SCL Project amounting to HK$10,801 million ("**Additional Funding**") so that the SCL can be completed.

22 Railway Construction Projects under Entrustment by the HKSAR Government *(continued)*

B Shatin to Central Link ("SCL") Project *(continued)*

(ii) Provision for Additional PMC

As detailed in note 22B(b)(i) above and as previously disclosed by the Company, the programme for the delivery of the SCL Project has been significantly impacted by certain key external events. Not only do these matters increase the cost of works, they also increase the cost to the Company of carrying out its project management responsibilities under the relevant SCL entrustment agreement, which is estimated to be around HK$1,371 million.

The Additional Funding approved by the Legislative Council did not include any Additional PMC for the Company which the Company had previously sought from the HKSAR Government. Therefore, the cost to the Company of continuing to comply with its project management obligations under the SCL EA3 (which the Company has continued and will continue to comply with) is currently being met by the Company on an interim and without prejudice basis (to allow the SCL Project to progress in accordance with the latest programme) and the Company reserves its position as to the ultimate liability for such costs and as to its right to pursue the courses of action and remedies available under the SCL EA3.

After taking into account the matters described above, and in particular, the Company meeting, on an interim and without prejudice basis (on the basis outlined above), the cost to the Company of continuing to comply with its project management obligations, the Group recognised a provision of HK$1,371 million in its consolidated statement of profit or loss for the year ended 31 December 2020 for the estimated additional cost to the Company of continuing to comply with its project management responsibilities. During the year ended 31 December 2024, the provision utilised amounted to HK$111 million (2023: HK$172 million) and no provision was written back (2023: HK$nil). As at 31 December 2024, the provision of HK$196 million (2023: HK$307 million), net of amount utilised, is included in "Creditors, other payables and provisions" in the consolidated statement of financial position.

This amount does not take into account any potential payment to the Company of any Additional PMC (whether as a result of an award, settlement or otherwise). Accordingly, if any such potential payment becomes virtually certain, the amount of any such payment will be recognised and credited to the Company's consolidated statement of profit or loss in that financial period.

(c) Hung Hom Incidents

As stated in the Company's announcement dated 18 July 2019, there were allegations in 2018 concerning workmanship in relation to the Hung Hom Station extension ("**First Hung Hom Incident**"). The Company took immediate steps to investigate the issues, report the Company's findings to the HKSAR Government and reserve the Company's position against relevant contractors.

In late 2018 and early 2019, the Company advised the HKSAR Government of an insufficiency of construction records and certain construction issues at the Hung Hom North Approach Tunnel ("**NAT**"), the South Approach Tunnel ("**SAT**") and the Hung Hom Stabling Sidings ("**HHS**"), forming an addition to the First Hung Hom Incident ("**Second Hung Hom Incident**").

*(i) Commission of Inquiry ("**COI**")*

On 10 July 2018, the COI was set up by the HKSAR Chief Executive in Council pursuant to the Commissions of Inquiry Ordinance (Chapter 86 of the Laws of Hong Kong). On 29 January 2019, the HKSAR Government made its closing submission to the first phase of the COI in which it stated its view that the Company ought to have provided the required skills and care reasonably expected of a professional and competent project manager but that the Company had failed to do so.

On 26 March 2019, the HKSAR Government published the redacted interim report of the COI in which the COI found that although the Hung Hom Station extension diaphragm wall and platform slab construction works are safe, they were not executed in accordance with the relevant contract in material aspects.

On 18 July 2019, the Company submitted to the HKSAR Government two separate final reports, one in respect of the First Hung Hom Incident and one in respect of the Second Hung Hom Incident, containing, inter alia, proposals for suitable measures required at certain locations to achieve code compliance. These suitable measures have been implemented.

On 22 January 2020, the HKSAR Government reiterated, in its closing submissions to the COI, that there was failure on the part of both the Company and the contractor Leighton Contractors Asia Limited to perform the obligations which the two parties undertook for the SCL project and that the Company, which was entrusted by the HKSAR Government as the project manager of the SCL project, ought to have provided the requisite degree of skill and care reasonably expected of a professional and competent project manager.

On 12 May 2020, the HKSAR Government published the final report of the COI in which the COI determined that it is fully satisfied that, with the suitable measures in place, the station box, NAT, SAT and HHS structures will be safe and also fit for purpose. The suitable measures for these structures were completed in 2020. The COI also made a number of comments on the construction process (including regarding failures in respect thereof such as unacceptable incidents of poor workmanship compounded by lax supervision and that in a number of respects also, management of the construction endeavour fell below the standards of reasonable competence) and made recommendations to the Company for the future.

22 Railway Construction Projects under Entrustment by the HKSAR Government *(continued)*

B Shatin to Central Link ("SCL") Project *(continued)*

(ii) Provision for the Hung Hom Incidents Related Costs

In order to progress the SCL Project and to facilitate the phased opening of the Tuen Ma Line in the first quarter of 2020, the Company announced in July 2019 that it would fund, on an interim and without prejudice basis, certain costs arising from the Hung Hom Incidents and certain costs associated with phased opening (being costs for alteration works, trial operations and other costs associated with the preparation activities for the phased opening) ("**Hung Hom Incidents Related Costs**"), whilst reserving the Company's position as to the ultimate liability for such costs.

The Company and the HKSAR Government will continue discussions with a view to reaching an overall settlement in relation to the Hung Hom Incidents and their respective funding obligations relating to the CTC and the Hung Hom Incidents Related Costs. If no overall settlement is reached between the Company and the HKSAR Government within a reasonable period, the provisions of the SCL EA3 shall continue to apply (as they currently do) including in relation to such costs, and the responsibility for the funding of such costs shall be determined in accordance with the SCL EA3.

After taking into account the matters described in note 22B(c) above, and in particular, the Company's decision to fund, on an interim and without prejudice basis, the Hung Hom Incidents Related Costs, the Company recognised a provision of HK$2,000 million in its consolidated statement of profit or loss for the year ended 31 December 2019. During the year ended 31 December 2024, the provision utilised amounted to HK$31 million (2023: HK$65 million) and no provision was written back (2023: HK$nil). As at 31 December 2024, the provision of HK$731 million (2023: HK$762 million), net of amount utilised, is included in "Creditors, other payables and provisions" in the consolidated statement of financial position.

This amount does not take into account any potential recovery from any other party (whether in the circumstances that no overall settlement is reached and/or as a result of an award, settlement or otherwise). Accordingly, if any such potential recovery becomes virtually certain, the amount of any such recovery will be recognised and credited to the Company's consolidated statement of profit or loss in that financial period.

(d) Potential Claims from and Indemnification to the HKSAR Government

The HKSAR Government has the right to claim against the Company if the Company breaches the SCL Agreements (including, if the Company breaches the warranties it gave in respect of its project management services) and, under each SCL Agreement, to be indemnified by the Company in relation to losses incurred by the HKSAR Government as a result of the negligence of the Company in performing its obligations under the relevant SCL Agreement or breach thereof by the Company. Under the SCL EA3, the Company's total aggregate liability to the HKSAR Government arising out of or in connection with the SCL Agreements (other than for death or personal injury) is subject to a cap equal to the fees that the Company receives under the SCL Agreements. In accordance with general principles of law, such cap could not be relied upon if the Company were found to be liable for the fraudulent or other dishonest conduct of its employees or agents, to the extent that the relevant loss had been caused by such fraudulent or other dishonest conduct. Although the HKSAR Government has stated that it reserves all rights to pursue further actions against the Company and related contractors and has made the statements in its closing submission to the COI (as stated in note 22B(c)(i) above), up to the date of this annual report, no claim has been received from the HKSAR Government in relation to any SCL Agreement. It is uncertain as to whether such claim will be made against the Company in the future and, if made, the nature and amount of such claim.

The eventual outcome of the discussions between the Company and the HKSAR Government on various matters remain highly uncertain at the current stage. As a result, no additional provision other than as stated above has been made as the Company is currently not able to measure with sufficient reliability the ultimate amount of the Company's obligation or liability arising from the SCL Project as a whole in light of the significant uncertainties involved. While no provision in respect of the SCL Project related matters was recognised at 31 December 2024 other than as stated above, the Company will reassess on an ongoing basis the need to recognise any further provision in the future in light of any further development.

23 Railway Construction in Progress

Movements of railway construction in progress of the Group are as follows:

in HK$ million	Balance at 1 January	Additions^	Balance at 31 December
2024			
Oyster Bay Station			
Construction costs and consultancy fees	**170**	**234**	**404**
Staff costs and other expenses	**89**	**63**	**152**
Finance costs	**9**	**18**	**27**
Utilisation of government grant	**(268)**	**(315)**	**(583)**
	–	**–**	**–**
Tung Chung Line Extension			
Construction costs and consultancy fees	**1,365**	**2,693**	**4,058**
Staff costs and other expenses	**507**	**533**	**1,040**
Finance costs	**39**	**106**	**145**
	1,911	**3,332**	**5,243**
Tuen Mun South Extension			
Construction costs and consultancy fees	**397**	**1,628**	**2,025**
Staff costs and other expenses	**422**	**185**	**607**
Finance costs	**7**	**53**	**60**
	826	**1,866**	**2,692**
Kwu Tung Station*			
Construction costs and consultancy fees	**921**	**934**	**1,855**
Staff costs and other expenses	**589**	**348**	**937**
Finance costs	**9**	**78**	**87**
	1,519	**1,360**	**2,879**
Hung Shui Kiu Station			
Construction costs and consultancy fees	**–**	**295**	**295**
Staff costs and other expenses	**–**	**262**	**262**
Finance costs	**–**	**4**	**4**
	–	**561**	**561**
Total	**4,256**	**7,119**	**11,375**

23 Railway Construction in Progress *(continued)*

in HK$ million	Balance at 1 January	Additions^	Balance at 31 December
2023			
Oyster Bay Station			
Construction costs and consultancy fees	53	117	170
Staff costs and other expenses	44	45	89
Finance costs	1	8	9
Utilisation of government grant (note 47H)	(98)	(170)	(268)
	–	–	–
Tung Chung Line Extension			
Construction costs and consultancy fees	–	1,365	1,365
Staff costs and other expenses	–	507	507
Finance costs	–	39	39
	–	1,911	1,911
Tuen Mun South Extension			
Construction costs and consultancy fees	–	397	397
Staff costs and other expenses	–	422	422
Finance costs	–	7	7
	–	826	826
Kwu Tung Station*			
Construction costs and consultancy fees	–	921	921
Staff costs and other expenses	–	589	589
Finance costs	–	9	9
	–	1,519	1,519
Total	–	4,256	4,256

^ The additions represent capital expenditure incurred and transferred from deferred expenditure.

* According to the project agreement of Kwu Tung Station signed on 5 September 2023 with the HKSAR Government, the Kwu Tung Station project works include, inter alia, (i) the construction of the Kwu Tung Station, and (ii) the detailed planning and design, and the advance works of the Northern Link (main line).

The Oyster Bay Station project is targeted to complete in 2030. Total capital cost for the Oyster Bay Station project based on the defined scope of works and programme is estimated at HK$6.7 billion (excluding finance costs). As at 31 December 2024, the Company has incurred cumulative expenditure of HK$556 million (2023: HK$259 million) (excluding finance costs), which was wholly offset by the government grant, and has authorised outstanding commitments totalling HK$6.1 billion in relation to the Oyster Bay Station project which are included in "Capital commitments" (note 48A).

The Tung Chung Line Extension project is targeted to complete in 2029. Total capital cost for Tung Chung Line Extension project based on the defined scope of works and programme is estimated at HK$24.2 billion (excluding finance costs). As at 31 December 2024, the Company has incurred cumulative expenditure of HK$5,098 million (2023: HK$1,872 million) (excluding finance costs) and has authorised outstanding commitments totalling HK$19.1 billion in relation to the Tung Chung Line Extension project which are included in "Capital commitments" (note 48A).

The Tuen Mun South Extension project is targeted to complete in 2030. Total capital cost for Tuen Mun South Extension project based on the defined scope of works and programme is estimated at HK$18.2 billion (excluding finance costs). As at 31 December 2024, the Company has incurred cumulative expenditure of HK$2,632 million (2023: HK$819 million) (excluding finance costs) and has authorised outstanding commitments totalling HK$15.6 billion in relation to the Tuen Mun South Extension project which are included in "Capital commitments" (note 48A).

23 Railway Construction in Progress *(continued)*

The Kwu Tung Station and advance works of the Northern Link (main line), and detailed planning and design of the Northern Link (main line) are targeted to complete in 2027 and 2034 respectively. Total capital cost for Kwu Tung Station project based on the defined scope of works and programme (including the detailed planning and design, and the advance works of the Northern Link (main line)) is estimated at HK$10.8 billion (excluding finance costs). As at 31 December 2024, the Company has incurred cumulative expenditure of HK$2,792 million (2023: HK$1,510 million) (excluding finance costs) and has authorised outstanding commitments totalling HK$8.0 billion in relation to the Kwu Tung Station project which are included in "Capital commitments" (note 48A).

The Hung Shui Kiu Station project is targeted to complete in 2030. Total capital cost for Hung Shui Kiu Station project based on the defined scope of works and programme is estimated at HK$8.3 billion (excluding finance costs). As at 31 December 2024, the Company has incurred cumulative expenditure of HK$557 million (excluding finance costs) and has authorised outstanding commitments totalling HK$7.7 billion in relation to the Hung Shui Kiu Station project which are included in "Capital commitments" (note 48A).

24 Property Development in Progress

A Property Development in Progress

Pursuant to the project agreements in respect of the construction of railway extensions and the Property Package Agreements in respect of the Rail Merger, the HKSAR Government has granted the Company with development rights on the land over the stations along railway lines.

Movements of property development in progress of the Group are as follows:

in HK$ million	Balance at 1 January	Net additions*	Transfer out to profit or loss	Balance at 31 December
2024				
Hong Kong Property Development Projects	**41,728**	**572**	**–**	**42,300**
2023				
Hong Kong Property Development Projects	41,269	459	–	41,728

* The net additions represent expenditure incurred for Hong Kong property development projects, including the amount of land premium, capital expenditure and development costs transferred from deferred expenditure, and are offset by payments or distributions of the assets received from developers and utilisation of government grant (if any).

The remaining lease terms of leasehold land in Hong Kong included under property development in progress are between 10 and 50 years.

B Stakeholding Funds

Being the stakeholder under certain Airport Railway, Tseung Kwan O Extension, South Island Line, Kwun Tong Line and East Rail Line/Light Rail Property Projects, the Company receives and manages deposit monies and sales proceeds in respect of sales of properties under those developments. These monies are placed in separate designated bank accounts and, together with any interest earned, are to be released to the developers for the reimbursement of costs of the respective developments in accordance with the terms and conditions of the HKSAR Government Consent Schemes and development agreements. Any balance remaining is to be released for distribution only after all obligations relating to the developments have been met. Accordingly, the balances of the stakeholding funds have not been included in the consolidated statement of financial position. As at 31 December 2024, the balance of the stakeholding funds was HK$20,802 million (2023: HK$18,397 million).

C West Rail Property Development

As part of the Rail Merger, the Company was appointed to act as the agent of KCRC and certain KCRC subsidiary companies ("West Rail Subsidiaries") in the development of specified development sites along the West Rail. The Company can receive an agency fee of 0.75% of the gross sale proceeds in respect of the developments except for the Tuen Mun development on which the Company can receive 10% of the net profits accrued under the development agreement. The Company can also recover from the West Rail Subsidiaries all the costs incurred in respect of the West Rail development sites plus 16.5% on-cost, together with interest accrued thereon. During the year ended 31 December 2024, HK$60 million (2023: HK$8 million) of agency fee and other income in respect of West Rail property development was recognised (note 12). During the year ended 31 December 2024, the reimbursable costs incurred by the Company including on-cost and interest accrued were HK$42 million (2023: HK$43 million).

25 Deferred Expenditure

As at 31 December 2024, deferred expenditure included costs of HK$64 million (2023: HK$0.4 billion) mainly incurred for certain railway projects which the project agreements are yet to be reached with the HKSAR Government. The future development of the respective projects is expected to bring future economic benefits to the Group. In the event that in a future period it is no longer considered probable that the corresponding project agreements can be reached, and the costs concerned are no longer considered as recoverable, the costs concerned will be charged to the consolidated statement of profit or loss in that reporting period.

26 Investments in Subsidiaries

The following list contains the particulars of principal subsidiaries of the Company as at 31 December 2024:

		Proportion of ownership interest				
Name of company	Issued share capital/ contributed registered capital	Group's effective interest	Held by the Company	Held by subsidiary(ies)	Place of incorporation/ establishment and operation	Principal activities
LOUDER HK Company Limited	HK$100	100%	–	100%	Hong Kong	Retail
MTR Academy (HK) Company Limited	HK$10,000	100%	–	100%	Hong Kong	Administering the operation of MTR Academy
MTR Lab Company Limited	HK$100	100%	100%	–	Hong Kong	Holding of investments
MTR Telecommunication Company Limited	HK$100,000,000	100%	100%	–	Hong Kong	Mobile telecommunication services
Ngong Ping 360 Limited	HK$2	100%	100%	–	Hong Kong	Operating the Tung Chung to Ngong Ping cable car system and village in Ngong Ping
Pierhead Garden Management Company Limited	HK$50,000	100%	100%	–	Hong Kong	Property investment and management
TraxComm Limited	HK$15,000,000	100%	100%	–	Hong Kong	Fixed telecommunication network and related services
V-Connect Limited	HK$1,000	100%	100%	–	Hong Kong	Mobile telecommunication services
Metro Trains Melbourne Pty. Ltd.*	AUD39,999,900	60% on ordinary shares;	–	100% on ordinary shares;	Australia	Railway operations and maintenance
	AUD100	30% on Class A shares	–	100% on Class A shares		
Metro Trains Sydney Pty Ltd*	AUD100	60%	–	60%	Australia	Railway operations and maintenance
MTR Corporation (Sydney) NRT Pty Limited	AUD2	100%	–	100%	Australia	Design and delivery of railway related systems
MTR Corporation (Sydney) SMCSW Pty Limited	AUD1	100%	–	100%	Australia	Design, delivery and integration of railway related systems
MTR Corporation (C.I.) Limited	US$1,000	100%	100%	–	Cayman Islands/ Hong Kong	Financing
MTR Consultadoria (Macau) Sociedade Unipessoal Lda.	MOP25,000	100%	–	100%	Macao	Railway consultancy services
MTR Railway Operations (Macau) Company Limited	MOP25,000	100%	–	100%	Macao	Railway operations and management
MTR Tech AB*	SEK30,000,000	100%	–	100%	Sweden	Railway maintenance
MTR Tunnelbanan AB*	SEK40,000,000	100%	–	100%	Sweden	Railway operations and maintenance
MTR Nordic AB*	SEK40,050,000	100%	–	100%	Sweden	Holding of investments

26 Investments in Subsidiaries *(continued)*

Name of company	Issued share capital/ contributed registered capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiary(ies)	Place of incorporation/ establishment and operation	Principal activities
MTR Corporation (Shenzhen) Limited ^@	HK$2,636,000,000	100%	–	100%	The People's Republic of China	Railway construction, operations and management
MTR CREC Metro (Shenzhen) Company Limited #@	RMB1,379,440,000	83%	–	83%	The People's Republic of China	Railway construction, operations and management
MTR Property Development (Shenzhen) Company Limited #@	HK$1,304,969,189	100%	–	100%	The People's Republic of China	Property development, operation, leasing, management and consultancy services
MTR Commercial Centre Management (Tianjin) Company Limited ^@	RMB1,391,000,000	100%	–	100%	The People's Republic of China	Property investment, leasing and management
MTR Corporation (Crossrail) Limited	GBP1,000,000	100%	–	100%	United Kingdom	Railway operations and maintenance

* Subsidiaries not audited by KPMG

^ Wholly foreign owned enterprise registered under the People's Republic of China (PRC) Law

\# Sino-foreign equity joint venture registered under PRC Law

@ English translation for identification purpose only

The Directors of the Company are of the opinion that a complete list of all subsidiaries and their particulars will be of excessive length and therefore the above table contains only those subsidiaries which, in the opinion of the Directors, materially contribute to the Group's results, assets or liabilities.

27 Interests in Associates and Joint Ventures

The following list contains the particulars of material associates and joint venture as at 31 December 2024, all of which are unlisted corporate entities whose quoted market price is not available:

Name of company	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiary	Place of incorporation/ establishment and operation	Principal activities
Associates					
Octopus Holdings Limited ("OHL")	64.02%	64.02%	–	Hong Kong	Holding company of a group of companies which engage in the operation of a contactless smartcard common payment system in Hong Kong and consultancy services
Beijing MTR Corporation Limited ~@	49%	–	49%	The People's Republic of China	Metro investment, construction, operations and passenger services
Beijing MTR L16 Corporation Limited α@	49%	–	49%	The People's Republic of China	Metro investment, construction, operations and passenger services
Hangzhou MTR Corporation Limited ("HZMTR") *~@	49%	–	49%	The People's Republic of China	Railway operations and management
First MTR South Western Trains Limited *	30%	–	30%	United Kingdom	Railway operations and management
NRT Pty Ltd *	27.55%	–	27.55%	Australia	Financing, railway construction, operations and maintenance through a unit trust
NRT CSW Pty Ltd *	27.55%	–	27.55%	Australia	Financing, railway construction, operations and maintenance through a unit trust
Joint Venture					
Hangzhou MTR Line 5 Corporation Limited ~@	60%	–	60%	The People's Republic of China	Railway electrical and mechanical construction, operations and management

* Companies not audited by KPMG

~ Sino-foreign co-operative joint venture registered under PRC Law

α Limited liability company (wholly owned by a legal person) under PRC Law

@ English translation for identification purpose only

All the associates and joint ventures are accounted for using the equity method in the consolidated financial statements and considered to be not individually material.

The summary financial information of the Group's effective interests in associates and joint ventures is as follows:

in HK$ million	**2024**	2023
Income	**9,332**	8,215
Expenses and others	**(7,595)**	(6,423)
Profit before taxation	**1,737**	1,792
Income tax	**(397)**	(533)
Net profit	**1,340**	1,259
Other comprehensive loss	**(411)**	(157)
Total comprehensive income	**929**	1,102
Assets	**32,609**	33,533
Liabilities	**(19,891)**	(21,069)
Net assets	**12,718**	12,464
Group's share of net assets of the associates and joint ventures	**12,718**	12,464
Goodwill	**321**	321
Carrying amount in the consolidated statement of financial position	**13,039**	12,785

27 Interests in Associates and Joint Ventures *(continued)*

HZMTR, a 49% owned associate of the Group, operates Hangzhou Metro Line 1 ("HZL1"), the HZL1 Xiasha Extension and HZL1 Airport Extension. As previously mentioned, HZMTR has been loss making in recent years due to slow patronage growth and the pandemic. Because there is no patronage protection mechanism under this concession agreement, the line's long-term financial viability will be impacted if patronage remains at a lower level over a further period of time, especially when compounded by the lower average fare resulting from the expanded network.

28 Investments in Securities

Investments in securities are measured at fair value and comprise of:

in HK$ million	**2024**	2023
Unlisted equity securities held by subsidiaries	**640**	564
Listed debt securities held by an overseas insurance underwriting subsidiary	**312**	298
Bank medium-term notes	**1,000**	–
	1,952	862

As at 31 December 2024, all debt securities were expected to mature within one year except for HK$166 million (2023: HK$267 million) which were expected to mature after one year. During the year ended 31 December 2024, net fair value loss on investments in securities of HK$50 million (2023: gain of HK$54 million) was recognised.

29 Properties Held for Sale

in HK$ million	**2024**	2023
Properties held for sale		
– at cost	**924**	860
– at net realisable value	**1,498**	1,079
	2,422	1,939
Representing:		
Hong Kong property development	**2,410**	1,927
Mainland China property development	**12**	12
	2,422	1,939

Properties held for sale represent the Group's interest in unsold properties or properties received by the Group as sharing-in-kind in Hong Kong, and the Group's unsold properties in Mainland China.

For Hong Kong property development, the net realisable values as at 31 December 2024 and 2023 were determined by reference to an open market valuation of the properties as at those dates, undertaken by an independent firm of surveyors, Colliers International (Hong Kong) Limited, who have among their staff Members of the Hong Kong Institute of Surveyors.

Properties held for sale at net realisable value of the Group are stated net of provision of HK$139 million (2023: HK$83 million) made in order to state these properties at the lower of their cost and estimated net realisable value. The remaining lease terms of leasehold land in Hong Kong included under properties held for sale are between 10 and 50 years.

30 Derivative Financial Assets and Liabilities

A Fair Value

The contracted notional amounts, fair values and maturities based on contractual undiscounted cash flows of derivative financial instruments outstanding are as follows:

	Notional amount	Fair value	Contractual undiscounted cash flows maturing in				
in HK$ million			Less than 1 year	1-2 years	2-5 years	Over 5 years	Total
2024							
Derivative Financial Assets							
Gross settled:							
Foreign exchange forwards							
– cash flow hedges:	88	2					
– inflow			–	89	–	–	89
– outflow			–	(88)	–	–	(88)
– not qualified for hedge accounting:	31	1					
– inflow			4	27	–	–	31
– outflow			(4)	(27)	–	–	(31)
Cross currency swaps							
– fair value hedges:	7,990	79					
– inflow			2,770	1,381	2,251	2,939	9,341
– outflow			(2,845)	(1,381)	(2,154)	(2,871)	(9,251)
– cash flow hedges:	1,418	13					
– inflow			9	11	32	2,678	2,730
– outflow			(12)	(12)	(37)	(2,655)	(2,716)
Net settled:							
Interest rate swaps							
– fair value hedges	15,648	85	152	131	114	61	458
– cash flow hedges	12,855	125	55	12	(3)	94	158
– not qualified for hedge accounting	299	37	9	8	23	5	45
	38,329	342	138	151	226	251	766
Derivative Financial Liabilities							
Gross settled:							
Foreign exchange forwards							
– cash flow hedges:	2,032	(129)					
– inflow			936	909	59	–	1,904
– outflow			(1,008)	(968)	(63)	–	(2,039)
– not qualified for hedge accounting:	869	(54)					
– inflow			565	210	33	–	808
– outflow			(597)	(231)	(35)	–	(863)
Cross currency swaps							
– fair value hedges:	8,903	(383)					
– inflow			2,915	1,715	998	4,443	10,071
– outflow			(3,067)	(1,739)	(1,136)	(4,392)	(10,334)
– cash flow hedges:	24,459	(1,317)					
– inflow			501	6,043	5,252	16,801	28,597
– outflow			(535)	(6,164)	(6,086)	(17,286)	(30,071)
Net settled:							
Interest rate swaps							
– fair value hedges	6,271	(73)	(18)	(12)	21	(5)	(14)
– cash flow hedges	6,646	(27)	12	(9)	(26)	(3)	(26)
– not qualified for hedge accounting	300	(31)	(8)	(7)	(17)	(2)	(34)
	49,480	(2,014)	(304)	(253)	(1,000)	(444)	(2,001)
Total	87,809						

30 Derivative Financial Assets and Liabilities *(continued)*

A Fair Value *(continued)*

in HK$ million	Notional amount	Fair value	Contractual undiscounted cash flows maturing in: Less than 1 year	1-2 years	2-5 years	Over 5 years	Total
2023							
Derivative Financial Assets							
Gross settled:							
Foreign exchange forwards							
– cash flow hedges:	2,164	15					
– inflow			223	477	898	–	1,598
– outflow			(219)	(471)	(886)	–	(1,576)
– not qualified for hedge accounting:	445	8					
– inflow			358	87	8	–	453
– outflow			(353)	(84)	(8)	–	(445)
Cross currency swaps							
– fair value hedges:	3,978	56					
– inflow			152	462	3,929	–	4,543
– outflow			(185)	(420)	(3,839)	–	(4,444)
– cash flow hedges:	391	–					
– inflow			–	–	–	802	802
– outflow			–	–	–	(811)	(811)
Net settled:							
Interest rate swaps							
– fair value hedges	14,774	116	(11)	201	49	–	239
– cash flow hedges	600	5	8	1	(4)	1	6
– not qualified for hedge accounting	1,300	40	11	7	18	10	46
	23,652	240	(16)	260	165	2	411
Derivative Financial Liabilities							
Gross settled:							
Foreign exchange forwards							
– cash flow hedges:	209	(13)					
– inflow			528	195	56	–	779
– outflow			(541)	(198)	(58)	–	(797)
– not qualified for hedge accounting:	378	(17)					
– inflow			250	8	102	–	360
– outflow			(258)	(9)	(111)	–	(378)
Cross currency swaps							
– fair value hedges:	6,528	(346)					
– inflow			2,294	2,823	43	1,474	6,634
– outflow			(2,463)	(2,856)	(73)	(1,527)	(6,919)
– cash flow hedges:	22,920	(1,030)					
– inflow			446	444	10,428	16,682	28,000
– outflow			(453)	(451)	(10,975)	(17,117)	(28,996)
Net settled:							
Interest rate swaps							
– fair value hedges	5,251	(88)	(34)	18	(24)	(14)	(54)
– cash flow hedges	9,832	(182)	64	(46)	(134)	(89)	(205)
– not qualified for hedge accounting	300	(34)	(9)	(6)	(14)	(9)	(38)
	45,418	(1,710)	(176)	(78)	(760)	(600)	(1,614)
Total	69,070						

30 Derivative Financial Assets and Liabilities *(continued)*

A Fair Value *(continued)*

The Group's derivative financial instruments consist predominantly of interest rate and cross currency swaps entered into exclusively by the Company, and the relevant interest rate swap curves as of 31 December 2024 and 2023 were used to discount the cash flows of financial instruments. Interest rates used ranged from 3.35% to 4.58% (2023: 3.09% to 5.27%) for Hong Kong dollars, 4.33% to 4.63% (2023: 3.76% to 5.59%) for United States dollars, 3.67% to 4.44% (2023: 3.77% to 4.39%) for Australian dollars, 0.46% to 0.82% (2023: 0.07% to 0.52%) for Japanese yen and 3.10% to 4.60% (2023: 3.10% to 3.65%) for Renminbi.

The table above details the remaining contractual maturities at the end of the reporting period of the Group's derivative financial assets and liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay. The details of the fair value measurement are disclosed in note 43.

B Financial Risks

The Group's operating activities and financing activities expose it to four main types of financial risks, namely liquidity risk, interest rate risk, foreign exchange risk and credit risk. The Group's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects of these financial risks on the Group's financial performance.

The Board of Directors provides principles for overall risk management and approves policies covering specific areas, such as liquidity risk, interest rate risk, foreign exchange risk, credit risk, concentration risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity. The Group's Preferred Financing Model (the "Model") for the Company is an integral part of its risk management policies. The Model specifies, amongst other things, the preferred mix of fixed and floating rate debts, the permitted level of foreign currency debts and an adequate length of financing horizon for coverage of forward funding requirements, against which the Company's financing related liquidity, interest rate and currency risk exposures are measured, monitored and controlled. The Board regularly reviews its risk management policies and authorises changes if necessary based on operating and market conditions and other relevant factors. The Board also reviews on an annual basis as part of the budgeting process and authorises changes if necessary to the Model in accordance with changes in market conditions and practical requirements.

The use of derivative financial instruments to control and hedge against interest rate and foreign exchange risk exposures is an integral part of the Group's risk management strategy. These instruments shall only be used for controlling or hedging risk exposures, and cannot be used for speculation purposes. All of the derivative instruments used by the Company are over-the-counter derivatives comprising principally interest rate swaps, cross currency swaps and foreign exchange forward contracts.

(i) Liquidity Risk

Liquidity risk refers to the risk that funds are not available to meet liabilities as they fall due, and it may result from timing and amount mismatches of cash inflow and outflow.

The Group employs projected cash flow analysis to manage liquidity risk by forecasting the amount of cash required, including working capital, debt repayments, dividend payments, capital expenditures and new investments, and by maintaining sufficient cash balance and/or undrawn committed banking facilities to ensure these requirements are met. It adopts a prudent approach and will maintain sufficient cash balance and committed banking facilities to provide forward coverage of a target of 9 months (but not less than 6 months) of projected cash requirements at the parent company level as specified in the Model. The Company also conducts stress testing of its projected cash flow to analyse liquidity risk, and would arrange additional banking facilities or debt issuance or otherwise take appropriate actions if such stress tests reveal significant risk of material cash flow shortfall.

As at 31 December 2024, the Group had undrawn committed banking facility of HK$20,915 million (2023: HK$18,329 million).

The following table details the remaining contractual maturities at the end of the reporting period of the Group's loans and other obligations other than lease liabilities (as detailed in note 35D below), which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

in HK$ million	**2024** Capital market instruments	**2024** Bank loans	**2024** Others	**2024** Total	2023 Capital market instruments	2023 Bank loans	2023 Others	2023 Total
Loans and other obligations								
Amounts repayable beyond 5 years	**40,419**	**1,746**	**–**	**42,165**	25,633	1,599	–	27,232
Amounts repayable within a period of between 2 and 5 years	**15,159**	**832**	**–**	**15,991**	14,670	790	–	15,460
Amounts repayable within a period of between 1 and 2 years	**15,411**	**256**	**–**	**15,667**	15,918	481	–	16,399
Amounts repayable within 1 year	**16,696**	**4,076**	**–**	**20,772**	8,791	1,618	620	11,029
	87,685	**6,910**	**–**	**94,595**	65,012	4,488	620	70,120

Others represent obligations under lease out/lease back transaction (note 20E).

30 Derivative Financial Assets and Liabilities *(continued)*

B Financial Risks *(continued)*

The Group's exposure to liquidity risks in respect of "Derivative financial liabilities" (note 30A), "Lease liabilities" (note 35D), "Creditors, other payables and provisions" (note 36), "Amounts due to related parties" (note 37), "Obligations under service concession" (note 38), and "Loans from holders of non-controlling interests" (note 39) are disclosed in the respective notes.

(ii) Interest Rate Risk

The Group's interest rate risk arises principally from its borrowing activities at the parent company level (including its financing vehicles). Borrowings based on fixed and floating rates expose the Group to fair value and cash flow interest rate risks respectively due to fluctuations in market interest rates. The Group manages and controls its interest rate risk exposure at the parent company level by maintaining a level of fixed rate debt between 45% and 80% (2023: 45% and 80%) of total debt outstanding as specified by the Model. Should the actual fixed rate debt level deviate substantially from the Model, derivative financial instruments such as interest rate swaps would be procured to align the fixed and floating mix with the Model. As at 31 December 2024, 72% (2023: 67%) of the Company's (including financing vehicles) total debt outstanding was denominated either in or converted to fixed interest rate after taking into account outstanding cross currency and interest rate swaps. Interest rate risk at subsidiary, associate and joint venture companies are managed separately based on their own borrowing requirement, circumstances and market practice.

As at 31 December 2024, it is estimated that a 100 basis points increase/100 basis points decrease in interest rates, with all other variables held constant, would increase/decrease the Group's profit after tax and increase/decrease the Group's retained profits by approximately HK$130 million/HK$125 million (2023: decrease by HK$87 million/increase by HK$83 million). Other components of consolidated equity would increase/decrease by approximately HK$1,174 million/HK$1,278 million (2023: HK$527 million/HK$567 million).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. The interest rate assumptions represent management's assessment of a reasonably possible change in interest rates over the period until the next annual financial period.

(iii) Foreign Exchange Risk

Foreign exchange risk arises when recognised assets and liabilities are denominated in a currency other than the functional currency of the Group's companies to which they relate. For the Group, it arises principally from its borrowing as well as investment and procurement activities outside Hong Kong.

The Group manages and controls its foreign exchange risk exposure by maintaining a modest level of unhedged non-Hong Kong dollar debt at the parent company level as specified by the Model, and minimal foreign exchange open positions created by its investments and procurements outside Hong Kong. Where the currency of a borrowing is not matched with that of the expected cash flows for servicing the debt, the Company would convert its foreign currency exposure resulting from the borrowing to Hong Kong dollar exposure through cross currency swaps. For investment and procurement in foreign currencies, the Group would purchase the foreign currencies in advance or enter into foreign exchange forward contracts to secure the necessary foreign currencies at pre-determined exchange rates for settlement.

As most of the Group's receivables and payables are denominated in the respective Group companies' functional currencies (Hong Kong dollars, Renminbi, Australian dollars, British Pound or Swedish Krona) or United States dollars (with which Hong Kong dollars are pegged) and most of its payment commitments denominated in foreign currencies are covered by foreign exchange forward contracts, management does not expect that there will be any significant currency risk associated with them.

(iv) Credit Risk

Credit risk refers to the risk that a counterparty will be unable to pay amounts in full when due. For the Group, this arises mainly from the deposits it maintains and the derivative financial instruments that it has entered into with various banks and counterparties as well as from the Defeasance Securities it procured under the lease out/lease back transaction (note 20E). The Group limits its exposure to credit risk by placing deposits and transacting derivative financial instruments only with financial institutions with acceptable investment grade credit ratings or guarantee, and diversifying its exposure to various counterparties.

All derivative financial instruments are subject to a maximum counterparty limit based on the respective counterparty's credit ratings in accordance with policy approved by the Board. Credit exposure in terms of estimated fair market value of and largest potential loss arising from these instruments based on the "value-at-risk" concept is measured, monitored and controlled against their respective counterparty limits. To further reduce counterparty risk exposure, the Group also applies set-off and netting arrangements across all derivative financial instruments and other financial transactions with the same counterparty.

All deposits and investments are similarly subject to a separate maximum counterparty/issuer limit based on the respective counterparty/issuer's credit ratings and/or status as Hong Kong's note-issuing banks. There is also a limit on the length of time that the Group can maintain a deposit with a counterparty or investment from an issuer based upon the counterparty/issuer's credit ratings. Deposit/investment outstanding and maturity profile are monitored regularly to ensure they are within the limits established for the counterparties/issuers. In addition, the Group actively monitors the credit default swap levels of counterparties/issuers and their daily changes, and may on the basis of the observed levels and other considerations adjust its exposure and/or maximum counterparty/issuer limit to the relevant counterparty.

30 Derivative Financial Assets and Liabilities *(continued)*

B Financial Risks *(continued)*

As at the end of the reporting period, the maximum exposure to credit risk of the Group with respect to derivative financial assets and bank deposits is represented respectively by the carrying amount of the derivative financial assets and the aggregate amount of deposits on its consolidated statement of financial position. As at the end of the reporting period, there was no significant concentration risk to a single counterparty.

In addition, the Group also manages and controls its exposure to credit risk in respect of receivables as stated in note 32.

31 Stores and Spares

As at 31 December 2024, stores and spares net of provision for obsolete stock of HK$90 million (2023: HK$27 million) amounted to HK$2,421 million (2023: HK$2,557 million), of which HK$1,654 million (2023: HK$1,817 million) is expected to be consumed within 1 year and HK$767 million (2023: HK$740 million) is expected to be consumed after 1 year. Stores and spares expected to be consumed after 1 year comprise mainly contingency spares and stocks kept to meet cyclical maintenance requirements.

32 Debtors and Other Receivables

The Group's credit policies in respect of receivables arising from its principal activities are as follows:

(i) The majority of fare revenue from Hong Kong transport operations (except for that from the High Speed Rail as described in note 32(ii) below) is collected through Octopus Cards, QR code and contactless bank cards with daily settlement on the next working day or in cash for other ticket types. A small portion of it is collected through pre-sale agents which settle the amounts due within 30 days.

(ii) In respect of the High Speed Rail, tickets are sold by the Company and other Mainland train operators. The clearance centre of China Railway Corporation administers the revenue allocation and settlement system of the Guangzhou-Shenzhen-Hong Kong Express Rail Link and allocates the revenue of the High Speed Rail to the Company under a "section-based" approach with settlement in the following month.

(iii) Fare revenue from SZL4 is collected either through Shenzhen Tong Cards or QR code payment with daily settlement on the next working day or in cash for other ticket types. Service fees from Macao Light Rapid Transit Taipa Line are billed monthly with due dates in accordance with the terms of the service agreement.

(iv) Franchise revenue in Australia is collected either daily or monthly depending on the revenue nature. The majority of the franchise revenue from operations in Sweden is collected in the transaction month with the remainder being collected in the following month. Concession revenue for London Elizabeth Line is collected once every 4 weeks.

(v) Rentals, advertising and telecommunication service fees are billed monthly with due dates ranging from immediately due to 60 days. Tenants of the Group's investment properties and station kiosks are generally required to pay three to six months' rental deposit upon the signing of lease agreements.

(vi) Amounts receivable under interest rate and currency swap agreements with financial institutions are due in accordance with the terms of the respective agreements.

(vii) Consultancy service income is billed monthly for settlement within 30 days upon work completion or on other basis stipulated in the consultancy contracts.

(viii) Debtors in relation to contracts and capital works entrusted to the Group, subject to any agreed retentions, are due within 30 days upon the certification of work in progress.

(ix) Amounts receivable in respect of property development are due in accordance with the terms of relevant development agreements or sale and purchase agreements.

The ageing analysis of debtors by due dates is as follows:

in HK$ million	**2024**	2023
Amounts not yet due	**8,181**	5,118
Overdue by within 30 days	**177**	218
Overdue by more than 30 days but within 60 days	**55**	89
Overdue by more than 60 days but within 90 days	**18**	29
Overdue by more than 90 days	**121**	285
Total debtors	**8,552**	5,739
Other receivables and contract assets	**7,228**	8,017
	15,780	13,756

32 Debtors and Other Receivables *(continued)*

Included in other receivables as at 31 December 2024 was HK$1,598 million (2023: HK$1,008 million) in respect of property development profit in Hong Kong distributable from stakeholding funds and receivables from property purchasers based on the terms of the development agreements and sales and purchase agreements. In addition, the Company purchased the tax reserve certificates of Hong Kong Profits Tax in respect of certain payments relating to the Rail Merger. Details are set out in note 16B.

On 23 March 2017, MTR Property (Tianjin) No.1 Company Limited ("MTR TJ No.1") entered into a Framework Agreement comprising, inter alia, a Share Transfer Agreement, with Tianjin Xingtai Jihong Real Estate Co., Ltd. ("TJXJRE"), a wholly-owned subsidiary of Beijing Capital Land Ltd., for the disposal of MTR TJ No.1's 49% equity interest in Tianjin TJ – Metro MTR Construction Company Limited at a consideration of RMB1.3 billion; and MTR TJ No.1's future acquisition of a shopping mall to be developed on the same site at a consideration of RMB1.3 billion. The disposal of equity interest was completed on 10 July 2017 and consequently a prepayment was recognised on the Group's consolidated statement of financial position. The construction of this shopping mall was completed and handed over to the Group during the year ended 31 December 2024. Consequently, the prepayment was reclassified to investment properties at cost (note 20). As at 31 December 2024, in accordance with the Group's accounting policies (set out in note 2E), all investment properties of the Group were remeasured at fair value.

The Group's exposure to credit risk on debtors and other receivables mainly relates to debtors relating to rental receivables in Hong Kong and franchise fee/project fee receivables outside of Hong Kong. Given the Group's policy is to receive rental deposits from tenants in Hong Kong and the debtors in relation to the franchise fee/project fee receivables outside of Hong Kong are government related entities, the Group considers the credit risk is low and the expected credit loss is immaterial.

As at 31 December 2024, all debtors and other receivables were expected to be recovered within one year except for amounts relating to deposits and other receivables of HK$3,527 million (2023: HK$3,535 million) which were expected to be recovered after more than one year. The nominal values less credit losses are not discounted as it is considered that the effect of discounting would not be significant.

Included in debtors and other receivables are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

in million	**2024**	2023
Australian dollars	**7**	6
Renminbi	**107**	77
United States dollars	**50**	24

33 Amounts Due from Related Parties

in HK$ million	**2024**	2023
Amounts due from:		
– HKSAR Government	**906**	896
– KCRC and Airport Authority Hong Kong ("AAHK")	**4,788**	4,318
– associates	**504**	588
	6,198	5,802

As at 31 December 2024, the amount due from the HKSAR Government mainly related to the recoverable cost for the advanced works in relation to the Shatin to Central Link, reimbursable costs for the essential public infrastructure works in respect of the South Island Line, reimbursement of the fare revenue difference in relation to the "Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities", agency fee receivables and reimbursable costs in respect of West Rail property development (note 24C), as well as receivables and retention for other entrustment and maintenance works.

As at 31 December 2024, the amount due from KCRC and AAHK mainly related to the revenue receivable in respect of (i) High Speed Rail and Shatin to Central Link under relevant supplemental service concession agreements and (ii) the maintenance services provided as detailed in note 47K.

Given the amounts due from related parties mainly related to HKSAR Government and government related entities, the Group considers the credit risk is low and the expected credit loss is immaterial.

As at 31 December 2024, all amounts due from related parties were expected to be recovered within one year except for HK$3,353 million (2023: HK$2,763 million) which were expected to be recovered after more than one year. The carrying amounts of amounts due from the HKSAR Government and other related parties are considered not significantly different from their fair values.

34 Cash, Bank Balances and Deposits

in HK$ million	2024	2023
Deposits with banks and other financial institutions	**23,059**	16,282
Cash at banks and on hand	**4,827**	6,093
Cash, bank balances and deposits	**27,886**	22,375
Less: Bank deposits with more than three months to maturity when placed or pledged deposits (note 35E)	**(6,050)**	(6,800)
Cash and cash equivalents in the consolidated statement of cash flows	**21,836**	15,575

Included in cash, bank balance and deposits in the consolidated statement of financial position are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

in million	2024	2023
Australian dollars	**57**	70
Euros	**38**	36
Japanese yen	**1,509**	1,104
Pound sterling	**23**	1
Renminbi	**660**	200
United States dollars	**426**	78

35 Loans and Other Obligations

A By Type

	2024			2023		
in HK$ million	Carrying amount	Fair value	Repayable amount	Carrying amount	Fair value	Repayable amount
Capital market instruments						
Listed or publicly traded:						
Debt issuance programme notes due during 2025 to 2047 (2023: due during 2024 to 2047)	**26,597**	**24,487**	**27,308**	22,031	20,820	22,475
Unlisted:						
Debt issuance programme notes due during 2025 to 2055 (2023: due during 2024 to 2055)	**43,515**	**42,880**	**44,442**	32,347	32,182	32,988
Total capital market instruments	**70,112**	**67,367**	**71,750**	54,378	53,002	55,463
Bank loans	**5,543**	**5,543**	**5,549**	2,411	2,411	2,411
Lease liabilities	**1,066**	**1,066**	**1,066**	720	720	720
Others	**–**	**–**	**–**	603	601	603
Loans and other obligations	**76,721**	**73,976**	**78,365**	58,112	56,734	59,197
Short-term loans	**847**	**847**	**847**	1,379	1,379	1,379
Total	**77,568**	**74,823**	**79,212**	59,491	58,113	60,576

Others included non-defeased obligations under lease out/lease back transaction (note 20E).

The fair values are based on the discounted cash flows method which discounts the future contractual cash flows at the current market interest and foreign exchange rates that are available to the Group for similar financial instruments. The carrying amounts of short-term loans approximated their fair values. Details of the fair value measurement are disclosed in note 43.

35 Loans and Other Obligations *(continued)*

A By Type *(continued)*

The amounts of borrowings, denominated in a currency other than the functional currency of the entity to which they relate, before and after currency hedging activities are as follows:

	Before hedging activities		After hedging activities	
in million	**2024**	2023	**2024**	2023
Australian dollars	**431**	381	**–**	–
Japanese yen	**15,000**	15,000	**–**	–
Renminbi	**9,160**	4,725	**460**	–
United States dollars	**2,973**	2,714	**–**	–

B By Repayment Terms

	2024					2023				
in HK$ million	Capital market instruments	Bank loans	Lease liabilities	Others	Total	Capital market instruments	Bank loans	Lease liabilities	Others	Total
Loans and other obligations										
Amounts repayable beyond 5 years	**30,872**	**1,576**	**683**	**–**	**33,131**	20,701	1,260	153	–	22,114
Amounts repayable within a period of between 2 and 5 years	**12,619**	**637**	**141**	**–**	**13,397**	13,080	605	153	–	13,838
Amounts repayable within a period of between 1 and 2 years	**13,741**	**188**	**109**	**–**	**14,038**	14,527	401	182	–	15,110
Amounts repayable within 1 year	**14,518**	**3,148**	**133**	**–**	**17,799**	7,155	145	232	603	8,135
	71,750	**5,549**	**1,066**	**–**	**78,365**	55,463	2,411	720	603	59,197
Short-term loans	**–**	**847**	**–**	**–**	**847**	–	1,379	–	–	1,379
	71,750	**6,396**	**1,066**	**–**	**79,212**	55,463	3,790	720	603	60,576
Less: Unamortised discount/ premium/finance charges outstanding	**(214)**	**(6)**	**–**	**–**	**(220)**	(229)	–	–	–	(229)
Adjustment due to fair value change of financial instruments	**(1,424)**	**–**	**–**	**–**	**(1,424)**	(856)	–	–	–	(856)
Total carrying amount of debt	**70,112**	**6,390**	**1,066**	**–**	**77,568**	54,378	3,790	720	603	59,491

The amounts repayable within 1 year in respect of capital market instruments and bank loans are included in long-term loans as these amounts are intended to be refinanced on a long-term basis.

C Bonds and Notes Issued and Redeemed

Notes issued by the Group during the years ended 31 December 2024 and 2023 comprise:

	2024		2023	
in HK$ million	Principal amount	Net consideration received	Principal amount	Net consideration received
Debt issuance programme notes	**23,486**	**23,470**	16,144	16,127

During the year ended 31 December 2024, the Group issued HK$1,700 million and RMB4,500 million (HK$4,968 million) of its listed debt securities in the respective currency (2023: HK$1,200 million and RMB945 million (HK$1,044 million)). The Group issued AUD50 million (HK$258 million), HK$12,541 million, RMB1,855 million (HK$1,992 million) and US$259 million (HK$2,027 million) of its unlisted debt securities in the respective currency (2023: HK$9,337 million, RMB700 million (HK$777 million) and US$484 million (HK$3,786 million) in the respective currency).

During the year ended 31 December 2024, the Group redeemed RMB1,500 million (HK$1,777 million) of its listed debt securities (2023: RMB410 million (HK$465 million)). The Group redeemed HK$4,902 million and RMB420 million (HK$476 million) of its unlisted debt securities in the respective currency (2023: AUD50 million (HK$347 million), HK$1,500 million and RMB350 million (HK$414 million) in the respective currency).

As at 31 December 2024 and 2023, there were outstanding debt securities issued by a wholly-owned subsidiary, MTR Corporation (C.I.) Limited ("MTRCI"). The obligations of the debt securities issued by MTRCI are direct, unsecured and unsubordinated to the other unsecured obligations of MTRCI which are unconditionally and irrevocably guaranteed by the Company. The obligations of the Company under the guarantee are direct, unsecured, unconditional, and unsubordinated to other unsecured and unsubordinated obligations of the Company.

35 Loans and Other Obligations *(continued)*

D Lease Liabilities

At 31 December 2024 and 2023, the Group had lease liabilities as follows:

in HK$ million	**2024** Present value of the minimum lease payments	**2024** Total minimum lease payments	2023 Present value of the minimum lease payments	2023 Total minimum lease payments
Within 1 year	**133**	**161**	232	248
After 1 year but within 2 years	**109**	**134**	182	193
After 2 years but within 5 years	**141**	**200**	153	167
After 5 years	**683**	**902**	153	163
	933	**1,236**	488	523
	1,066	**1,397**	720	771
Less: Total future interest expenses		**(331)**		(51)
Present value of lease obligations		**1,066**		720

E Guarantees and Pledges

(i) There were no guarantees given by the HKSAR Government in respect of the loan facilities of the Group as at 31 December 2024 and 2023.

(ii) As at 31 December 2024, MTR Corporation (Shenzhen) Limited has pledged the fare and non-fare revenue and the benefits of insurance contracts in relation to Phase 2 of Shenzhen Metro Line 4 as security for the RMB593 million (HK$631 million) bank loan facility granted to it.

(iii) As at 31 December 2024, MTR CREC Metro (Shenzhen) Company Limited, a subsidiary of the Company in Mainland China, has pledged the fare and non-fare revenue in relation to Phase 1 of SZL13 as security for the RMB3.2 billion (HK$3.4 billion) bank loan facility granted to it.

Saved as disclosed above and those disclosed elsewhere in the consolidated financial statements, none of the other assets of the Group was charged or subject to any encumbrance as at 31 December 2024.

36 Creditors, Other Payables and Provisions

in HK$ million	**2024**	2023
Creditors and accrued charges	**23,015**	21,255
Other payables, deferred income and provisions	**43,212**	52,303
Contract liabilities	**3,190**	3,124
	69,417	76,682

A Creditors and Accrued Charges

The analysis of creditors by due dates is as follows:

in HK$ million	**2024**	2023
Due within 30 days or on demand	**9,212**	9,191
Due after 30 days but within 60 days	**2,850**	2,188
Due after 60 days but within 90 days	**1,166**	951
Due after 90 days	**4,761**	4,460
	17,989	16,790
Rental and other refundable deposits	**2,823**	2,498
Accrued employee benefits	**2,203**	1,967
	23,015	21,255

The Group's general payment terms are one to two months from the invoice date.

The nominal values of creditors and accrued charges are not significantly different from their fair values.

36 Creditors, Other Payables and Provisions *(continued)*

A Creditors and Accrued Charges *(continued)*

Included in creditors and accrued charges are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

in million	**2024**	2023
Australian dollars	**14**	13
Euros	**56**	13
Japanese yen	**616**	448
Pound sterling	**179**	11
Renminbi	**128**	90
United States dollars	**49**	36

B Other Payables, Deferred Income and Provisions

Other payables included contract retentions. Deferred income related to (i) the surplus amounts of payments received from property developers in excess of the balance in property development in progress, (ii) portion of fair value amount of shopping mall received from property development in connection with the outstanding risks and obligations retained by the Group (note 13) as well as (iii) the unutilised government grant of HK$28,804 million (2023: HK$30,480 million).

C Contract Liabilities

Movements in contract liabilities of the Group during the year ended 31 December are as follows:

in HK$ million	**2024**	2023
Balance as at 1 January	**3,124**	2,587
Increase in contract liabilities as a result of billing in advance	**704**	896
Decrease in contract liabilities as a result of revenue recognised during the year that was included in the contract liabilities at the beginning of the year	**(544)**	(368)
Exchange differences	**(94)**	9
Balance as at 31 December	**3,190**	3,124

Contract liabilities mainly arise from construction contracts and other project arrangements, when the Group receives a deposit before the activity commences and until the revenue recognised on the project exceeds the amount of the deposit received. The payment terms are negotiated on a case by case basis with customers.

D As at 31 December 2024, except for unutilised government grant included in deferred income, contract liabilities and others of HK$48,802 million (2023: HK$56,873 million) which were expected to be settled or recognised as income after one year, all remaining creditors and other payables were expected to be settled or recognised as income within one year. The Group considers the effect of discounting the amounts due after one year would be immaterial.

37 Amounts Due to Related Parties

in HK$ million	**2024**	2023
Amounts due to:		
– HKSAR Government	**117**	128
– KCRC	**3,090**	2,420
– associates	**–**	66
	3,207	2,614

The amount due to the HKSAR Government as at 31 December 2024 relates to land administrative fees in relation to railway extensions.

The amount due to KCRC as at 31 December 2024 mainly relates to the accrued portion of the fixed annual payment and variable annual payment that is expected to be settled within 12 months.

38 Obligations under Service Concession

Movements of the Group's obligations under service concessions are as follows:

in HK$ million	**2024**	2023
Balance as at 1 January	**10,059**	10,142
Less: Net amount repaid during the year	**(85)**	(81)
Exchange differences	**(5)**	(2)
Balance as at 31 December	**9,969**	10,059

The outstanding balances as at 31 December 2024 and 2023 are repayable as follows:

	2024			2023		
in HK$ million	Present value of payment obligations	Interest expense relating to future periods	Total payment obligations	Present value of payment obligations	Interest expense relating to future periods	Total payment obligations
Amounts repayable beyond 5 years	**9,454**	**11,665**	**21,119**	9,577	12,310	21,887
Amounts repayable within a period of between 2 and 5 years	**329**	**1,953**	**2,282**	308	1,975	2,283
Amounts repayable within a period of between 1 and 2 years	**96**	**665**	**761**	90	671	761
Amounts repayable within 1 year	**90**	**671**	**761**	84	677	761
	9,969	**14,954**	**24,923**	10,059	15,633	25,692

39 Loans from Holders of Non-controlling Interests

Loans from holders of non-controlling interests as at 31 December 2024 mainly represents the portion of total shareholder loan of AUD60 million (HK$290 million) (2023: AUD60 million (HK$320 million)) granted to Metro Trains Australia Pty. Ltd. ("MTA") by the holders of its non-controlling interests. The loan carries an interest rate of 6.2% per annum and is repayable at the discretion of MTA or on 28 November 2027, whichever is earlier.

40 Income Tax in the Consolidated Statement of Financial Position

A Current taxation in the consolidated statement of financial position includes:

in HK$ million	**2024**	2023
Balance relating to Hong Kong Profits Tax	**2,790**	1,468
Balance relating to tax outside Hong Kong	**119**	155
	2,909	1,623

B Deferred Tax Assets and Liabilities Recognised

The components of deferred tax assets and liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Deferred tax arising from							
in HK$ million	Depreciation allowances in excess of related depreciation	Right-of-use assets	Lease liabilities	Revaluation of properties	Provision and other temporary differences	Cash flow hedges	Tax losses	Total
2024								
Balance as at 1 January 2024	**14,618**	**62**	**(106)**	**766**	**(655)**	**(102)**	**(35)**	**14,548**
Charged/(credited) to profit or loss	**1,018**	**(12)**	**14**	**–**	**(44)**	**–**	**7**	**983**
(Credited)/charged to other comprehensive income	**–**	**–**	**–**	**(25)**	**26**	**53**	**–**	**54**
Disposal of subsidiaries (note 7)	**–**	**–**	**32**	**(23)**	**–**	**–**	**–**	**9**
Exchange differences	**–**	**(3)**	**5**	**4**	**45**	**–**	**–**	**51**
Balance as at 31 December 2024	**15,636**	**47**	**(55)**	**722**	**(628)**	**(49)**	**(28)**	**15,645**
2023								
Balance as at 1 January 2023	13,980	56	(115)	799	(509)	18	(135)	14,094
Charged/(credited) to profit or loss	638	4	14	(34)	(102)	–	68	588
Charged/(credited) to other comprehensive income	–	–	–	5	(53)	(120)	–	(168)
Assets of disposal group classified as held for sale (note 49)	–	1	–	–	–	–	28	29
Exchange differences	–	1	(5)	(4)	9	–	4	5
Balance as at 31 December 2023	14,618	62	(106)	766	(655)	(102)	(35)	14,548

Deferred tax assets and liabilities recognised in the consolidated statement of financial position are as follows:

in HK$ million	**2024**	2023
Net deferred tax assets	**(521)**	(603)
Net deferred tax liabilities	**16,166**	15,151
	15,645	14,548

C The Group has not recognised deferred tax assets in respect of some of its subsidiaries' cumulative tax losses of HK$3,434 million (2023: HK$3,420 million) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdictions and entities.

41 Share Capital, Shares Held for Executive Share Incentive Scheme, Reserves, Company-level Movements in Components of Equity and Capital Management

A Share Capital

	2024		2023	
	Number of shares	HK$ million	Number of shares	HK$ million
Ordinary shares, issued and fully paid:				
At 1 January	**6,217,197,282**	**61,083**	6,202,060,784	60,547
Shares issued in respect of scrip dividend of 2023/2022 final ordinary dividend	**7,625,889**	**202**	12,108,603	438
Shares issued in respect of scrip dividend of 2023 interim ordinary dividend	**–**	**–**	3,027,895	97
Vesting of shares of Executive Share Incentive Scheme	**–**	**2**	–	1
At 31 December	**6,224,823,171**	**61,287**	6,217,197,282	61,083

In accordance with section 135 of the Companies Ordinance, the ordinary shares of the Company do not have a par value.

B Shares Held for Executive Share Incentive Scheme

During the year ended 31 December 2024, the Company awarded Performance Shares and Restricted Shares under the Company's Executive Share Incentive Scheme to certain eligible employees of the Group (note 44). A total of 492,823 Performance Shares were awarded and accepted by the grantees on 18 March 2024, and 3,221,000 Performance Shares and 4,099,500 Restricted Shares were awarded and accepted by a grantee on 8 April 2024 (2023: 42,850 Performance Shares and 2,561,550 Restricted Shares were awarded and accepted by the grantees on 11 April 2023, and 60,900 Restricted Shares were awarded and accepted by a grantee on 25 September 2023). The fair values of these awarded shares were HK$25.70 per share on 18 March 2024 and HK$25.40 per share on 8 April 2024 (2023: HK$39.10 per share on 11 April 2023 and HK$30.30 per share on 25 September 2023).

During the year ended 31 December 2024, the Trustee of the Executive Share Incentive Scheme, pursuant to the terms of the rules and the trust deed of the Executive Share Incentive Scheme, purchased on the Hong Kong Stock Exchange a total of 7,454,157 Ordinary Shares (2023: 2,370,900 Ordinary Shares) of the Company for a total consideration of approximately HK$207 million (2023: HK$93 million). During the year ended 31 December 2024, 108,555 Ordinary Shares (2023: 67,245 Ordinary Shares) of the Company were issued to the Executive Share Incentive Scheme in relation to scrip dividend issued amounting to HK$3 million (2023: HK$2 million).

During the year ended 31 December 2024, 4,378,805 award shares (2023: 2,040,524 award shares) were transferred to the awardees under the Executive Share Incentive Scheme upon vesting. The total cost of the vested shares was HK$180 million (2023: HK$88 million). During the year ended 31 December 2024, HK$2 million (2023: HK$1 million) was credited to share capital in respect of vesting of shares whose fair values at the grant date were higher than the costs of the vested shares. During the year ended 31 December 2024, 205,348 award shares (2023: 223,120 award shares) were lapsed/forfeited.

As at 31 December 2024, taking into account the shares acquired out of the dividends from the shares held under the trust, there were 9,678,664 shares (2023: 6,494,757 shares) held in trust under the Executive Share Incentive Scheme (excluding shares vested but not yet transferred to awardees).

41 Share Capital, Shares Held for Executive Share Incentive Scheme, Reserves, Company-level Movements in Components of Equity and Capital Management *(continued)*

C Reserves

The fixed assets revaluation reserve is used to deal with the surpluses or deficits arising from the revaluation of self-occupied buildings (note 2E(ii)).

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition of the hedged cash flow in accordance with the accounting policy adopted for cash flow hedges as explained in note 2T(ii).

The employee share-based capital reserve comprises the share-based payment expenses recognised in respect of award shares under the Executive Share Incentive Scheme granted which are yet to be vested, as explained in the accounting policy under note 2U(iii).

The exchange reserve of the Group comprises all foreign exchange differences arising from the translation of the financial statements of foreign entities. The reserve is dealt with in accordance with the accounting policy set out in note 2AA.

Apart from retained profits, the other reserves are not available for distribution to shareholders because they do not constitute realised profits. In addition, the Company considers the cumulative surpluses on fair value measurement of investment properties of HK$65,491 million (2023: HK$66,776 million) included in retained profits of the Company are non-distributable as they do not constitute realised profits. As at 31 December 2024, the Company considers that the total amount of reserves of the Company available for distribution to shareholders amounted to HK$48,176 million (2023: HK$41,036 million).

Included in the Group's retained profits as at 31 December 2024 is an amount of HK$5,126 million (2023: HK$4,425 million), being the retained profits attributable to the associates and joint ventures.

D Capital Management

The Group's primary objectives in managing capital are to safeguard its ability to continue as a going concern, and to generate sufficient profit to maintain growth and provide an adequate return to its shareholders.

The Group manages the amount of capital in proportion to risk, and makes adjustments to its capital structure through the amount of dividend payment to shareholders, issuance of scrip and new shares, and managing its debt portfolio in conjunction with projected financing requirement. The FSI of the HKSAR Government is the majority shareholder of the Company holding 4,634,173,932 shares as at 31 December 2024, representing 74.45% of total equity interest in the Company.

The Group monitors capital on the basis of the net debt-to-equity ratio, which is calculated based on net borrowings as a percentage of the total equity, where net borrowings are represented by the aggregate of loans and other obligations, obligations under service concession and loans from holders of non-controlling interests net of cash, bank balance, deposits and bank medium-term notes. As at 31 December 2024, the Group's net debt-to-equity ratio is 31.6% (2023: 26.5%).

Fasttrack Insurance Ltd. is required to maintain a minimum level of shareholders' fund based on the Bermuda Insurance Act. MTR Corporation (Shenzhen) Limited is required to maintain a registered capital at or above 40% of the total investment for the SZL4 project in accordance with the concession agreement. MTR Property Development (Shenzhen) Company Limited is required to maintain a registered capital at or above 33% of the total investment based on Jianfang [2015] No. 122. Metro Trains Melbourne Pty. Ltd. is required to maintain total shareholders' funds at a specified amount in accordance with the franchise agreement. All the Group's subsidiaries in Sweden are required to maintain total shareholders' fund at or above 50% of their respective registered share capital based on the Swedish Companies Act. MTR Travel Limited is required to maintain a certain level of paid-up capital in order to maintain membership of the Travel Industry Council of Hong Kong. As at 31 December 2024, all these capital requirements were met. Apart from these, neither the Company nor any of its other subsidiaries are subject to externally imposed capital requirements.

41 Share Capital, Shares Held for Executive Share Incentive Scheme, Reserves, Company-level Movements in Components of Equity and Capital Management *(continued)*

E Company-level Movements in Components of Equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

in HK$ million	Note	Share capital	Shares held for Executive Share Incentive Scheme	Other reserves: Fixed assets revaluation reserve	Other reserves: Hedging reserve	Other reserves: Employee share-based capital reserve	Retained profits	Total equity
2024								
Balance as at 1 January 2024	50	**61,083**	**(269)**	**3,848**	**(668)**	**178**	**108,480**	**172,652**
Profit for the year		**–**	**–**	**–**	**–**	**–**	**13,617**	**13,617**
Other comprehensive (loss)/income for the year		**–**	**–**	**(127)**	**246**	**–**	**143**	**262**
Total comprehensive (loss)/income for the year		**–**	**–**	**(127)**	**246**	**–**	**13,760**	**13,879**
Amounts transferred from hedging reserve to initial carrying amount of hedged items		**–**	**–**	**–**	**(1)**	**–**	**–**	**(1)**
2023 final ordinary dividend		**–**	**–**	**–**	**–**	**–**	**(5,533)**	**(5,533)**
Shares issued in respect of scrip dividend of 2023 final ordinary dividend		**202**	**(3)**	**–**	**–**	**–**	**3**	**202**
2024 interim ordinary dividend		**–**	**–**	**–**	**–**	**–**	**(2,614)**	**(2,614)**
Shares purchased for Executive Share Incentive Scheme		**–**	**(207)**	**–**	**–**	**–**	**–**	**(207)**
Vesting and forfeiture of award shares of Executive Share Incentive Scheme		**2**	**180**	**–**	**–**	**(176)**	**(6)**	**–**
Employee share-based payments		**–**	**–**	**–**	**–**	**137**	**–**	**137**
Balance as at 31 December 2024	50	**61,287**	**(299)**	**3,721**	**(423)**	**139**	**114,090**	**178,515**
2023								
Balance as at 1 January 2023		60,547	(262)	3,824	(59)	146	108,980	173,176
Profit for the year		–	–	–	–	–	7,896	7,896
Other comprehensive income/(loss) for the year		–	–	24	(608)	–	(266)	(850)
Total comprehensive income/(loss) for the year		–	–	24	(608)	–	7,630	7,046
Amounts transferred from hedging reserve to initial carrying amount of hedged items		–	–	–	(1)	–	–	(1)
2022 final ordinary dividend		–	–	–	–	–	(5,520)	(5,520)
Shares issued in respect of scrip dividend of 2022 final ordinary dividend		438	(2)	–	–	–	2	438
2023 interim ordinary dividend		–	–	–	–	–	(2,610)	(2,610)
Shares issued in respect of scrip dividend of 2023 interim ordinary dividend		97	–	–	–	–	–	97
Shares purchased for Executive Share Incentive Scheme		–	(93)	–	–	–	–	(93)
Vesting and forfeiture of award shares of Executive Share Incentive Scheme		1	88	–	–	(87)	(2)	–
Employee share-based payments		–	–	–	–	119	–	119
Balance as at 31 December 2023	50	61,083	(269)	3,848	(668)	178	108,480	172,652

42 Other Cash Flows Information

A Reconciliation of the Group's operating profit before Hong Kong property development, fair value measurement of investment properties, depreciation, amortisation and variable annual payment arising from recurrent businesses to cash generated from operations is as follows:

in HK$ million	2024	2023
Operating profit before Hong Kong property development, fair value measurement of investment properties, depreciation, amortisation and variable annual payment arising from recurrent businesses	**17,907**	15,323
Adjustments for non-cash items	**414**	124
Operating profit before working capital changes	**18,321**	15,447
Decrease/(increase) in debtors and other receivables	**565**	(1,682)
Increase in stores and spares	**(11)**	(283)
Increase/(decrease) in creditors, other payables and provisions	**866**	(11)
Cash generated from operations	**19,741**	13,471

B Reconciliation of the Group's liabilities arising from financing activities is as follows:

	Loans and other obligations						
in HK$ million	Capital market instruments	Bank loans	Lease liabilities	Others	Short-term loans	Interest and finance charges payables	Total
2024							
At 1 January 2024	**54,378**	**2,411**	**720**	**603**	**1,379**	**289**	**59,780**
Changes from financing cash flows:							
– Proceeds from loans and capital market instruments	**23,486**	**9,412**	**–**	**–**	**12,944**	**–**	**45,842**
– Repayment of loans and capital market instruments	**(7,155)**	**(6,167)**	**–**	**(621)**	**(13,462)**	**–**	**(27,405)**
– Capital element of lease rentals paid	**–**	**–**	**(189)**	**–**	**–**	**–**	**(189)**
– Interest and finance charges paid	**–**	**–**	**–**	**–**	**–**	**(2,497)**	**(2,497)**
	16,331	**3,245**	**(189)**	**(621)**	**(518)**	**(2,497)**	**15,751**
Exchange differences	**(44)**	**(113)**	**(21)**	**(1)**	**(14)**	**–**	**(193)**
Other changes:							
– Adjustment due to fair value change of financial instruments	**(553)**	**–**	**–**	**–**	**–**	**–**	**(553)**
– Recognition of lease liabilities	**–**	**–**	**556**	**–**	**–**	**–**	**556**
– Interest and finance charges	**–**	**–**	**–**	**19**	**–**	**2,555**	**2,574**
	(553)	**–**	**556**	**19**	**–**	**2,555**	**2,577**
At 31 December 2024	**70,112**	**5,543**	**1,066**	**–**	**847**	**347**	**77,915**

42 Other Cash Flows Information *(continued)*

B Reconciliation of the Group's liabilities arising from financing activities is as follows: *(continued)*

	Loans and other obligations						
in HK$ million	Capital market instruments	Bank loans	Lease liabilities	Others	Short-term loans	Interest and finance charges payables	Total
2023							
At 1 January 2023	40,794	3,773	1,113	574	1,592	205	48,051
Changes from financing cash flows:							
– Proceeds from loans and capital market instruments	16,144	999	–	–	56,914	–	74,057
– Repayment of loans and capital market instruments	(2,726)	(2,395)	–	–	(57,058)	–	(62,179)
– Capital element of lease rentals paid	–	–	(567)	–	–	–	(567)
– Interest and finance charges paid	–	–	–	–	–	(1,869)	(1,869)
	13,418	(1,396)	(567)	–	(144)	(1,869)	9,442
Exchange differences	–	(32)	19	1	(3)	–	(15)
Other changes:							
– Adjustment due to fair value change of financial instruments	166	–	–	–	–	–	166
– Recognition of lease liabilities	–	–	155	–	–	–	155
– Interest and finance charges	–	–	–	28	–	1,953	1,981
– Reclassification	–	66	–	–	(66)	–	–
	166	66	155	28	(66)	1,953	2,302
At 31 December 2023	54,378	2,411	720	603	1,379	289	59,780

C Total Cash Outflows for Leases

Amounts included in the consolidated statement of cash flows for leases comprise the following:

in HK$ million	**2024**	2023
Within operating cash flows	**39**	27
Within financing cash flows	**211**	607
	250	634

These amounts relate to the leases of the following:

in HK$ million	**2024**	2023
Buildings	**172**	192
Plant and equipment	**78**	442
	250	634

43 Fair Value Measurement

In accordance with HKFRS 13, *Fair Value Measurement,* the level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

Level 1: Fair value measured using only Level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

Level 2: Fair value measured using Level 2 inputs, i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

Level 3: Fair value measured using significant unobservable inputs

A Fair Value Measurements of Fixed Assets

All of the Group's investment properties and self-occupied buildings measured at fair value on a recurring basis are categorised as Level 3 of the fair value hierarchy.

During the year ended 31 December 2024 and 2023, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 in respect of the Group's investment properties and self-occupied buildings. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

All the Group's investment properties and self-occupied buildings were revalued as at 31 December 2024 and 2023 by independent qualified surveyors. The Group's senior management have discussion with the surveyors on the valuation assumptions and valuation results when the valuation is performed at each interim and annual reporting date.

The fair value of all the Group's self-occupied buildings is determined on a recurring basis using primarily the direct comparison approach assuming sale of properties in their existing state with vacant possession.

The property interests of all the shopping malls and office accommodation held by the Group as investment properties have been valued using the income capitalisation approach. Under this approach, the market value is derived from the capitalisation of the rental revenue to be received under existing tenancies and the estimated full market rental value to be received upon expiry of the existing tenancies with reference to the market rental levels prevailing as at the date of valuation by an appropriate single market yield rate. The range of market yield rate adopted for the valuation of major investment properties as at 31 December 2024 was 3.5% – 5.75% (2023: 3.5% – 5.75%) with a weighted average of 4.8% (2023: 4.8%). The fair value measurement is negatively correlated to the market yield rate.

The movements of investment properties during the year ended 31 December 2024 are shown in note 20A. All the fair value adjustment related to remeasurement on investment properties held as at 31 December 2024 was recognised under "(Loss)/gain from fair value measurement of investment properties" in the consolidated statement of profit or loss.

B Fair Value Measurements of Financial Instruments

(i) Financial Assets and Liabilities Carried at Fair Value

Included in the Group's investments in securities as at 31 December 2024, there were HK$312 million (2023: HK$298 million) of listed debt securities carried at fair value using Level 1 measurements, HK$1,000 million (2023: HK$nil) of investment in bank medium-term notes carried at fair value using Level 2 measurements and HK$640 million (2023: HK$564 million) of unlisted equity securities carried at fair value using Level 3 measurements.

The Group's derivative financial instruments were carried at fair value using Level 2 measurements. As at 31 December 2024, the fair values of derivative financial assets and derivative financial liabilities were HK$342 million (2023: HK$240 million) and HK$2,014 million (2023: HK$1,710 million) respectively.

The discounted cash flow method, which discounts the future contractual cash flows at the current market interest rates, is the main valuation technique used to determine the fair value of the Group's borrowings, derivative financial instruments and investment in bank medium-term notes. For interest rate swaps, cross currency swaps and foreign exchange forward contracts, the discount rates used were derived from the swap curves of the respective currencies and the cross currency basis curves of the respective currency pairs at the end of the reporting period. Closing exchange rates at the end of the reporting period were used to convert value in foreign currency to local currency.

43 Fair Value Measurement *(continued)*

B Fair Value Measurements of Financial Instruments *(continued)*

The fair value of the Group's investments in unlisted equity securities is determined based on the adjusted net asset method. The significant unobservable input includes the fair value of the individual assets less liabilities (recognised and unrecognised). The fair value measurement is positively correlated to the fair value of the individual assets less liabilities (recognised and unrecognised). The movements of the investments in unlisted equity securities during the year are as follows:

in HK$ million	**2024**	2023
At 1 January	**564**	669
Additions	**143**	66
Disposal	**–**	(203)
Changes in fair value recognised in profit or loss	**(54)**	46
Exchange differences recognised in other comprehensive income	**(13)**	(14)
At 31 December	**640**	564

As at 31 December 2024, it is estimated that a 5-percent increase/decrease (2023: 5-percent increase/decrease) in fair value of the total individual assets less liabilities (recognised and unrecognised), with all other variables held constant, would increase/decrease the Group's profit after tax by approximately HK$27 million/HK$27 million (2023: HK$22 million/HK$22 million).

At the end of each interim and annual reporting period, valuations are performed for the financial instruments which are categorised into Level 3 of the fair value hierarchy, and the valuation assumptions and results are reviewed by the Group's management accordingly.

During the years ended 31 December 2024 and 2023, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(ii) Financial Assets and Liabilities Not Carried at Fair Value

The carrying amounts of the Group's financial assets and liabilities not carried at fair value are not materially different from their fair values as at 31 December 2024 and 2023 except for capital market instruments and other obligations, for which their carrying amounts and fair values are disclosed below:

	At 31 December 2024		At 31 December 2023	
in HK$ million	Carrying amount	Fair value	Carrying amount	Fair value
Capital market instruments	**70,112**	**67,367**	54,378	53,002
Other obligations	**1,066**	**1,066**	1,323	1,321

The above fair value measurement is categorised as Level 2. The discount cash flow method, which discounts the future contractual cash flows at the current market interest rates, is the main valuation technique used to determine the fair value of the Group's capital market instruments and other obligations. The discount rates used were derived from the swap curves of the respective currencies at the end of the reporting period. Closing exchange rates at the end of the reporting period were used to convert value in foreign currency to local currency.

44 Share-based Payments

Equity-settled Share-based Payments – Executive Share Incentive Scheme

On 15 August 2014, the Board of the Company approved the adoption of the Executive Share Incentive Scheme. The Executive Share Incentive Scheme took effect on 1 January 2015 for an original term of 10 years up to 31 December 2024. The Board has then approved the renewal of the Executive Share Incentive Scheme for a further 10 years and so it will remain in force until 31 December 2034 (unless terminated earlier by the Company).

The purposes of the Executive Share Incentive Scheme are to retain management and key employees, to align participants' interest with the long-term success of the Company and to drive the achievement of strategic objectives of the Company. Under the Executive Share Incentive Scheme, an award holder may be granted an award of Restricted Shares and/or Performance Shares (collectively known as "Award Shares"). Restricted Shares are awarded to selective eligible employees. Performance Shares are awarded to eligible employees which vest subject to the performance of the Company over a pre-determined performance period, assessed by reference to such Board-approved performance metric and in respect of such performance period and any other performance conditions as determined by the Remuneration Committee from time to time.

Subject to the Scheme Rules, the Remuneration Committee shall determine the vesting criteria and conditions or periods for the Award Shares to be vested, subject to review from time to time. An award of Restricted Shares will vest ratably over three years in equal tranches (unless otherwise determined by the Remuneration Committee). An award of Performance Shares will vest upon certification by the Remuneration Committee that the relevant performance metric and performance conditions have been achieved. The Executive Share Incentive Scheme will be administered by the Company in accordance with the Scheme Rules and the Company has entered into a Trust Deed with the Trustee for the purpose of implementing the Scheme. The number of Award Shares will be acquired in the market at the cost of the Company by the Trustee. Award Shares will be held on trust by the Trustee until the end of each vesting period.

The following awards of shares with vesting period falling in the years ended 31 December 2024 and 2023 were offered to Members of the Executive Directorate and selected employees of the Group under the Executive Share Incentive Scheme:

	Number of Award Shares granted		Fair value per share	Vesting period	
Date of award	Restricted Shares	Performance Shares	HK$	From	To
8 April 2020	2,334,750	6,950	41.90	1 April 2020	1 April 2023 (Restricted Shares) 3 April 2021 (Performance Shares)
8 April 2021	1,955,950	1,558,050	44.05	1 April 2021	1 April 2024 (Restricted Shares) 1 April 2024 (Performance Shares)
1 April 2022	132,000	–	42.35	1 April 2022	31 March 2025
8 April 2022	2,507,250	240,700	42.05	1 April 2022	1 April 2025 (Restricted Shares) 1 April 2024 (Performance Shares)
11 April 2023	2,561,550	42,850	39.10	3 April 2023	3 April 2026 (Restricted Shares) 1 April 2024 (Performance Shares)
25 September 2023	60,900	–	30.30	19 September 2023	19 September 2026
18 March 2024*	**–**	**492,823**	**25.70**	**–**	**–**
8 April 2024	**4,099,500**	**3,221,000**	**25.40**	**2 April 2024**	**1 April 2027 (Restricted Shares) 1 April 2027 (Performance Shares)**

* Following a review of the results of the 2021 – 2023 performance cycle by the Remuneration Committee, additional Performance Shares were awarded to eligible employees under the Executive Share Incentive Scheme on 18 March 2024 and fully vested on 18 March 2024.

Movement in the number of Award Shares outstanding was as follows:

	2024	2023
	Number of Award Shares	Number of Award Shares
Outstanding as at 1 January	**6,226,464**	5,824,808
Awarded during the year	**7,813,323**	2,665,300
Vested during the year	**(4,378,805)**	(2,040,524)
Forfeited during the year	**(205,348)**	(223,120)
Outstanding as at 31 December	**9,455,634**	6,226,464

44 Share-based Payments *(continued)*

Equity-settled Share-based Payments – Executive Share Incentive Scheme *(continued)*

Award Shares outstanding at 31 December 2024 had the following remaining vesting periods:

Award Shares	Remaining vesting period years	Number of Award Shares
Restricted Shares		
1 April 2022	0.25	132,000
8 April 2022	0.25	653,058
11 April 2023	1.25	1,476,276
25 September 2023	1.72	40,600
8 April 2024	**2.25**	**3,950,800**
Performance Shares		
8 April 2024	**2.25**	**3,202,900**

The details of the Executive Share Incentive Scheme are also disclosed in the Remuneration Report.

During the year ended 31 December 2024, the equity-settled share-based payments relating to the Executive Share Incentive Scheme recognised as an expense amounted to HK$137 million (2023: HK$119 million) (note 10A).

45 Retirement Schemes

The Group operates or participates in a number of retirement schemes in Hong Kong, Mainland China, Macao, the United Kingdom, Sweden and Australia. The assets of these schemes are held under the terms of separate trust arrangements so that the assets are kept separate from those of the Group. The majority of the Group's employees are covered by the retirement schemes operated by the Company.

A Retirement Schemes Operated by the Company in Hong Kong

The Company operated four retirement schemes under trust in Hong Kong during the year ended 31 December 2024, including the MTR Corporation Limited Retirement Scheme (the "MTR Retirement Scheme"), the MTR Corporation Limited Provident Fund Scheme (the "MTR Provident Fund Scheme") and two MPF Schemes, the "MTR MPF Scheme" and the "KCRC MPF Scheme".

Currently, new eligible employees can choose between the MTR Provident Fund Scheme and the MTR MPF Scheme while the MTR MPF Scheme covers employees who did not opt for or who are not eligible to join the MTR Provident Fund Scheme.

(i) MTR Retirement Scheme

The MTR Retirement Scheme is a defined benefit scheme registered under the Occupational Retirement Schemes Ordinance (Cap. 426) (the "ORSO") and has been granted an MPF Exemption Certificate by the Mandatory Provident Fund Schemes Authority (the "MPFA").

The MTR Retirement Scheme had been closed to new employees from 1 April 1999 onwards. It is administrated in accordance with the Trust Deed and Rules by the Board of Trustees, comprising management and employee representatives, and independent non-employer trustees. It provides benefits based on the greater of a multiple of final salary times years of service and a factor times the accumulated member contributions with investment returns. Members' contributions are based on fixed percentages of base salary. The Company's contributions are determined by reference to an annual actuarial valuation carried out by an independent actuarial consulting firm. As at 31 December 2024, the total number of members was 2,076 (2023: 2,313). In 2024, members contributed HK$49 million (2023: HK$52 million) and the Company contributed HK$95 million (2023: HK$73 million) to the MTR Retirement Scheme. The fair value of scheme assets of the MTR Retirement Scheme excluding the portion attributable to members' voluntary contributions as at 31 December 2024 was HK$6,938 million (2023: HK$7,316 million).

The actuarial valuations as at 31 December 2024 and 2023 to determine the accounting obligations in accordance with HKAS 19, *Employee Benefits,* were carried out by an independent actuarial consulting firm, Towers Watson Hong Kong Limited ("WTW"), which is represented by Ms Wing Lui, a Fellow of the Society of Actuaries of the United States of America, using the Projected Unit Credit Method. The results of the valuation are shown in note 46.

The actuarial valuations as at 31 December 2024 and 2023 to determine the cash funding requirements were also carried out by Ms Wing Lui of WTW using the Attained Age Method. The principal actuarial assumptions used for the valuation as at 31 December 2024 included a long-term rate of investment return net of salary increases of 0.25% (2023: 1.90%) per annum, together with appropriate allowances for expected rates of mortality, turnover and retirement.

45 Retirement Schemes *(continued)*

A Retirement Schemes Operated by the Company in Hong Kong *(continued)*

As at the valuation date of 31 December 2024, under the situation that the value of members' voluntary contributions was included:

(a) the MTR Retirement Scheme was insolvent, covering 99.4% (2023: 100.4%) of the aggregate vested liability had all members left service with their leaving service benefits secured, resulting in a solvency deficit of HK$42 million (2023: surplus of HK$30 million); and

(b) on the assumption that the MTR Retirement Scheme would continue in force, its value of assets was insufficient to cover the aggregate past service liability, with a funding level of 98.7% (2023: 100.3%), representing a past service deficit of HK$92 million (2023: surplus of HK$25 million).

(ii) MTR Provident Fund Scheme

The MTR Provident Fund Scheme is a defined contribution scheme registered under the ORSO and has been granted an MPF Exemption Certificate by the MPFA. All benefits payable under the MTR Provident Fund Scheme are calculated by reference to members' own contributions and the Company's contributions, investment returns on these contributions, together with year of services. Both members' and the Company's contributions are based on fixed percentages of members' base salary.

As at 31 December 2024, the total number of employees participating in the MTR Provident Fund Scheme was 11,312 (2023: 10,717). In 2024, total members' contributions were HK$200 million (2023: HK$180 million) and total contributions from the Company were HK$441 million (2023: HK$405 million). No contributions forfeited by employees leaving the scheme were utilised to offset contributions during the year (2023: HK$nil). As at 31 December 2024, forfeited contributions of HK$125 million (2023: HK$90 million) were available to reduce the contributions payable in future years. The net asset value as at 31 December 2024 was HK$7,799 million (2023: HK$7,049 million).

(iii) MTR MPF Scheme

The MTR MPF Scheme is a defined contribution scheme covered under an MPF master trust registered with the MPFA. It covers those employees who did not opt for or who are not eligible to join the MTR Retirement Scheme or the MTR Provident Fund Scheme. Both members and the Company each contribute to the MTR MPF Scheme at the mandatory levels as required by the Mandatory Provident Fund Schemes Ordinance (Cap. 485) (the "MPFSO"). The Company makes additional contributions above the mandatory level for eligible members who joined the MTR MPF Scheme before 1 April 2008, subject to individual terms of employment.

As at 31 December 2024, the total number of employees participating in the MTR MPF Scheme was 6,305 (2023: 5,382). In 2024, total members' contributions were HK$67 million (2023: HK$58 million) and total contribution from the Company were HK$72 million (2023: HK$63 million). No contributions forfeited by employees leaving the scheme were utilised to offset contributions during the year (2023: HK$nil). As at 31 December 2024, there were no forfeited contributions (2023: HK$nil) available to reduce the contributions payable in future years.

(iv) KCRC MPF Scheme

The KCRC MPF Scheme is a defined contribution scheme covered under an MPF master trust registered with the MPFA. It covers those former KCRC employees who were previously members of the KCRC MPF Scheme and are eligible to join the MTR Provident Fund Scheme but opt to re-join the KCRC MPF Scheme. Both members and the Company each contribute to the KCRC MPF Scheme at the mandatory levels as required by the MPFSO.

As at 31 December 2024, the total number of employees participating in the KCRC MPF Scheme was 189 (2023: 214). In 2024, total members' contributions were HK$3 million (2023: HK$3 million) and total contribution from the Company were HK$3 million (2023: HK$3 million). No contributions forfeited by employees leaving the scheme were utilised to offset contributions during the year (2023: HK$nil). As at the end of the reporting period, no forfeited contributions (2023: HK$nil) available to reduce the contributions payable in future years.

B Retirement Schemes for Employees of Mainland China and Overseas Offices of the Company and Subsidiaries

Employees not eligible for joining the retirement schemes operated by the Company in Hong Kong are covered by the retirement schemes established by their respective Mainland China and overseas offices or subsidiary companies or in accordance with respective applicable labour regulations.

Certain employees of the Group's Australian subsidiary are entitled to receive retirement benefits from the Emergency Services Superannuation Scheme operated in Australia. The benefit amounts are calculated based on the member's years of service and final average salary. The Group does not recognise any defined benefit liability in respect of this scheme because the Group has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay contributions as they fall due. As at 31 December 2024, total number of the Group's employees participating in this scheme was 311 (2023: 395). In 2024, total members' contributions were HK$14 million (2023: HK$15 million) and total contribution from the Group was HK$58 million (2023: HK$58 million).

Certain employees of the Group's Swedish subsidiaries are entitled to receive retirement benefits from the ITP 2 Retirement Scheme operated in Sweden. The benefit amounts are calculated based on the member's years of service and annual salary. The Group does not recognise any defined benefit liability in respect of this scheme because the Group has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay contributions as they fall due. As at 31 December 2024, total number of the Group's employees participating in this scheme was nil (2023: 650). In 2024, total contribution from the Group was HK$1 million (2023: HK$12 million).

45 Retirement Schemes *(continued)*

B Retirement Schemes for Employees of Mainland China and Overseas Offices of the Company and Subsidiaries *(continued)*

Certain employees of the Group's MTR Crossrail subsidiary are entitled to join the MTR Corporation (Crossrail) section of the Railway Pension Scheme in the United Kingdom. The scheme is a shared cost arrangement whereby the Group is only responsible for a share of the cost. The benefit amounts are calculated based on the member's years of service and final average salary. The Group does not recognise any net defined benefit liability in respect of this scheme because the Group has no legal or constructive obligation for any deficit in the value of the scheme. Its only obligation is to pay contributions as they fall due. As at 31 December 2024, total number of the Group's employees participating in this scheme was 868 (2023: 829). In 2024, total members' contributions were HK$33 million (2023: HK$36 million) and total contribution from the Group was HK$49 million (2023: HK$54 million). Pension expense of HK$74 million (2023: HK$132 million) was recognised in profit or loss and actuarial gain of HK$10 million (2023: HK$72 million) was recognised in the consolidated statement of other comprehensive income.

Except for the retirement schemes described above, all other retirement schemes to cover employees in overseas offices or in subsidiaries in Hong Kong, Mainland China, Macao or overseas are defined contribution schemes. For Hong Kong employees, these schemes are registered under the MPFSO in Hong Kong. For Mainland China, Macao or overseas employees, these schemes are operated in accordance with the respective local laws and regulations. As at 31 December 2024, the total number of employees of the Group participating in these schemes was 14,221 (2023: 17,383). In 2024, total members' contributions were HK$121 million (2023: HK$109 million) and total contribution from the Group was HK$788 million (2023: HK$707 million). During the years ended 31 December 2024 and 2023, the amount of contributions forfeited in accordance to the schemes' rules, if applicable, is not significant.

46 Defined Benefit Retirement Scheme

The Company makes contributions to and recognises defined benefit liabilities in respect of the MTR Retirement Scheme which provides employees with benefits upon retirement or termination of services for other reasons (note 45). This defined benefit scheme exposes the Group to actuarial risks, such as interest rate, salary increase and investment risks. The information about the MTR Retirement Scheme is summarised as below:

A Amounts Recognised in the Consolidated Statement of Financial Position

in HK$ million	**2024**	2023
Present value of defined benefit obligations	**(7,257)**	(7,713)
Fair value of scheme assets	**6,938**	7,316
Net liabilities	**(319)**	(397)

The net liabilities are recognised under "Creditors, other payables and provisions" in the consolidated statement of financial position. A portion of the above obligations is expected to be paid after more than one year. However, it is not practicable to segregate this amount from the amounts to be paid in the next twelve months, as future contributions will also relate to future services rendered and future changes in actuarial assumptions and market conditions. The Company expects to pay HK$229 million in contribution to the MTR Retirement Scheme in 2025.

46 Defined Benefit Retirement Scheme *(continued)*

B Scheme Assets

in HK$ million	**2024**	2023
Equity securities		
– Financial institutions	**151**	231
– Non-financial institutions	**1,954**	2,319
	2,105	2,550
Bonds		
– Government	**3,177**	1,971
– Non-government	**1,414**	1,513
	4,591	3,484
Cash	**458**	1,498
	7,154	7,532
Voluntary units	**(216)**	(216)
	6,938	7,316

The scheme assets did not include any ordinary shares of the Company as at 31 December 2024 and 2023. Also, there were no investment in other shares and debt securities of the Company as at 31 December 2024 and 2023. All of the equity securities and bonds have quoted prices in active markets.

An asset-liability modelling review is performed periodically to analyse the strategic investment policies of the MTR Retirement Scheme. Based on the latest study performed, the investment strategy of asset allocation was changed in 2024 to about 30% in equities, 65% in bonds and 5% in cash (2023: 30% in cash, and out of the remaining 70%, 42.5% in equities and 57.5% in bonds).

C Movements in the Present Value of the Defined Benefit Obligations

in HK$ million	**2024**	2023
At 1 January	**7,713**	7,488
Remeasurements:		
– Actuarial losses arising from changes in liability experience	**100**	151
– Actuarial (gains)/losses arising from changes in demographic assumptions	**–**	–
– Actuarial (gains)/losses arising from changes in financial assumptions	**(89)**	442
	11	593
Members' contributions paid to the scheme	**49**	52
Benefits paid by the scheme	**(938)**	(906)
Current service cost	**161**	164
Interest cost	**261**	322
At 31 December	**7,257**	7,713

The weighted average duration of the present value of the defined benefit obligations was 4.1 years as at 31 December 2024 (2023: 4.4 years).

46 Defined Benefit Retirement Scheme *(continued)*

D Movements in the Fair Value of Scheme Assets

in HK$ million	2024	2023
At 1 January	**7,316**	7,500
Company's contributions paid to the scheme	**95**	73
Members' contributions paid to the scheme	**49**	52
Benefits paid by the scheme	**(938)**	(906)
Administrative expenses paid from scheme assets	**(4)**	(3)
Interest income	**249**	326
Return on scheme assets, excluding interest income	**171**	274
At 31 December	**6,938**	7,316

E Expenses Recognised in Profit or Loss and Other Comprehensive Income

in HK$ million	2024	2023
Current service cost	**161**	164
Net interest on net defined benefit liability/asset	**12**	(4)
Administrative expenses paid from scheme assets	**4**	3
	177	163
Less: Amount capitalised	**(48)**	(40)
Net amount recognised in profit or loss	**129**	123
Actuarial losses	**11**	593
Return on scheme assets, excluding interest income	**(171)**	(274)
Amount recognised in other comprehensive income	**(160)**	319

The retirement scheme expense is recognised under staff costs and related expenses in the consolidated statement of profit or loss.

F Significant Actuarial Assumptions and Sensitivity Analysis

	2024	2023
Discount rate	**3.83%**	3.82%
Future salary increase	**4.50%**	4.60%
Unit value increase	**4.75%**	6.50%

The below analysis shows how the present value of the defined benefit obligations as at 31 December would have increased/(decreased) as a result of 0.25% change in the significant actuarial assumptions:

	2024		2023	
	Increase in 0.25% HK$ million	Decrease in 0.25% HK$ million	Increase in 0.25% HK$ million	Decrease in 0.25% HK$ million
Discount rate	**(71)**	**73**	(82)	84
Future salary increases	**67**	**(65)**	67	(64)
Unit value increase	**6**	**(5)**	17	(15)

The above sensitivity analysis is based on the assumption that changes in these actuarial assumptions are not inter-correlated and therefore the sensitivity estimated does not take into account the correlations between the actuarial assumptions.

47 Material Related Party Transactions

The Financial Secretary Incorporated, which holds approximately 74.45% of the Company's issued share capital on trust for the HKSAR Government as at 31 December 2024, is the majority shareholder of the Company. Transactions between the Group and the HKSAR Government departments or agencies, or entities controlled by the HKSAR Government, other than those transactions such as the payment of fees, taxes, leases and rates, etc. that arise in the normal dealings between the HKSAR Government and the Group, are considered to be related party transactions pursuant to HKAS 24, *Related Party Disclosures,* and are identified separately in these consolidated financial statements.

Major related party transactions entered into by the Group which are relevant for the current year include:

A On 30 June 2000, the Company was granted by the HKSAR Government a franchise, for an initial period of 50 years, to operate the then existing mass transit railway, and to operate and construct any extension to the railway. On the same day, the Company and the HKSAR Government entered into an operating agreement which laid down the detailed provisions for the design, construction, maintenance and operation of the railway under the franchise. With the Rail Merger, the operating agreement was replaced with effect from 2 December 2007 by a new operating agreement, details of which are set out in note 47C below.

B On 14 July 2000, the Company received a comfort letter from the HKSAR Government pursuant to which the HKSAR Government agreed to extend the period of certain of the Company's land interests so that they are coterminous with the Company's franchise period. To prepare for the Rail Merger, on 3 August 2007, the HKSAR Government wrote to KCRC confirming that, subject to all necessary approvals being obtained, the period of certain of KCRC's land interests (which are the subject of the service concession under the Rail Merger) will be extended so that they are coterminous with the concession period of the Rail Merger.

C In connection with the Rail Merger (note 3), on 9 August 2007, the Company and the HKSAR Government entered into a new operating agreement ("OA"), which is based on the then existing operating agreement referred to in note 47A above. On the Appointed Day, the Company's then existing franchise under the Mass Transit Railway Ordinance was expanded to cover railways other than the then existing MTR railway for an initial period of 50 years from the Appointed Day ("expanded franchise"). A detailed description of the OA is contained in the circular to shareholders in respect of the Extraordinary General Meeting convened to approve the Rail Merger. Such transaction is considered to be a related party transaction and also constitute continuing connected transaction as defined under the Listing Rules.

D Other than the OA described in note 47C above, the Company also entered into principal agreements with KCRC and the HKSAR Government in connection with the Rail Merger. These principal agreements are: (i) Merger Framework Agreement, (ii) Service Concession Agreement, (iii) Sale and Purchase Agreement, (iv) West Rail Agency Agreement, and (v) Property Package Agreements. For the year ended 31 December 2024, amount recoverable or invoiced by the Company under West Rail Agency Agreement is HK$55 million (2023: HK$44 million) and the net amounts payable or paid by the Company in relation to the Service Concession is HK$3,775 million (2023: HK$3,105 million).

The above agreements are considered to be related party transactions and also constitute continuing connected transactions as defined under the Listing Rules. A detailed description of the agreements set out in notes 47C and 47D above is contained under the paragraph "Continuing Connected Transactions" in the Report of the Members of the Board.

E The Company entered into the following principal agreements with KCRC and the HKSAR Government in connection with the operation of the High Speed Rail:

(i) An amendment operating agreement, which was entered into with the HKSAR Government on 23 August 2018, to amend and supplement the OA, in order to prescribe the operational requirements that will apply to the High Speed Rail.

(ii) A supplemental service concession agreement, which was entered into with KCRC on 23 August 2018, to supplement the SCA, in order for KCRC to grant a concession to the Company in respect of the High Speed Rail and to prescribe the operational and financial requirements that will apply to the High Speed Rail. During the year ended 31 December 2024, net revenue received or receivable from KCRC in respect of the High Speed Rail amounted to HK$1,602 million (2023: HK$870 million).

The above transactions are considered to be related party transactions and also constitute continuing connected transactions as defined under the Listing Rules. A detailed description of each of the above agreements is contained under the paragraph "Continuing Connected Transactions" in the Report of the Members of the Board.

47 Material Related Party Transactions *(continued)*

F The Company entered into the following principal agreements with KCRC and the HKSAR Government in connection with the operation of the Shatin to Central Link ("SCL"):

(i) An amendment operating agreement and a supplemental operating agreement, which were entered into with the HKSAR Government on 11 February 2020, to amend and supplement, respectively, the OA, in order to prescribe the operational requirements that will apply to the First Phase of the Tuen Ma Line.

(ii) A supplemental service concession agreement no. 2, which was entered into with KCRC on 11 February 2020, to supplement the SCA, in order for KCRC to grant a concession to the Company in respect of the First Phase of the Tuen Ma Line and to prescribe the operational and financial requirements that will apply to the First Phase of the Tuen Ma Line.

(iii) An amendment operating agreement, a supplemental operating agreement and the Amendment No.1 to Memorandum on Performance Requirements, which were entered into with the HKSAR Government on 21 June 2021, to amend and supplement, respectively, the OA, in order to prescribe the operational requirements that will apply to the Tuen Ma Line, being the first part of the SCL.

(iv) A supplemental service concession agreement no. 3, which was entered into with KCRC on 21 June 2021 and superseded and replaced the supplemental service concession agreement no. 2 dated 11 February 2020 (note 47F(ii)), to supplement the SCA, in order for KCRC to grant a concession to the Company in respect of the Tuen Ma Line, being the first part of the SCL, and to prescribe the operational and financial requirements that will apply to the Tuen Ma Line.

(v) An amendment operating agreement and a supplemental operating agreement, which were entered into with the HKSAR Government on 10 May 2022, to amend and supplement, respectively, the OA, in order to prescribe the operational requirements that will apply to the SCL as a whole.

(vi) A supplemental service concession agreement no. 4, which was entered into with KCRC on 10 May 2022 and superseded and replaced the supplemental service concession agreement no. 3 dated 21 June 2021 (note 47F(iv)), to supplement the SCA, in order for KCRC to grant a concession to the Company in respect of SCL as a whole, and to prescribe the operational and financial requirements that will apply to the SCL as a whole.

During the year ended 31 December 2024, net revenue received or receivable from KCRC in respect of Shatin to Central Link under relevant supplemental service concession agreement amounted to HK$679 million (2023: HK$635 million).

The above transactions are considered to be related party transactions and also constitute continuing connected transactions as defined under the Listing Rules. A detailed description of the agreements (i), (iii), (v) and (vi) above is contained under the paragraph "Continuing Connected Transactions" in the Report of the Members of the Board.

G The Company entered into entrustment agreements with the HKSAR Government for the design, site investigation, procurement activities, construction, testing and commissioning of HSR and SCL. Detailed description of the agreements are provided in notes 22A and 22B. In addition, an amount of HK$794 million was paid/payable to the HKSAR Government (net of amount received/receivable) in 2024 (2023: HK$347 million) under SCL EA3's payment arrangement with the HKSAR Government and relevant contractors.

The above transactions are considered to be related party transactions and also constitute continuing connected transactions as defined under the Listing Rules. A detailed description of each of the above agreements is contained under the paragraph "Continuing Connected Transactions" in the Report of the Members of the Board.

H On 23 September 2022, (i) the Company accepted the HKSAR Government's Land Exchange Offer for development of the Company's existing Siu Ho Wan depot and (ii) the Company also entered into the project agreement with the HKSAR Government for the financing, design, construction, pre-operation, operation and maintenance of the Oyster Bay Station to cater for the transportation needs of the new community, together referred to as Oyster Bay Project. The Oyster Bay Project involves, inter alia, re-provision of the existing Siu Ho Wan depot and provision of property enabling works (including roof deck over the depot for top-side property development) to enable property development on the depot site, as well as the construction of a new station, Oyster Bay Station, to serve the future community.

The land exchange documents for the Oyster Bay Project was executed by both the Company and the HKSAR Government on 25 November 2022. When determining the land premium for the Land Exchange, costs in relation to the construction of the new Oyster Bay Station, re-provision of the depot, property enabling works (including roof deck over the depot for top-side property development) and site formation were accepted by the HKSAR Government as deductible costs and were deducted from the land premium assessment on a full market basis for the Land Exchange. The amount deducted was accounted for as government grant and was included in Creditors, Other Payables and Provisions (note 36B). The government grant is being used for offsetting against the respective capital expenditure in Other Property, Plant and Equipment (note 20B), Railway Construction in Progress (note 23) and Property Development in Progress (note 24).

47 Material Related Party Transactions *(continued)*

I The Company entered into project agreements with the HKSAR Government for the financing, design, construction, completion, pre-operation, operation and maintenance of new railway extensions and the granting of development rights for commercial and residential property sites along these railway extensions. Pursuant to these project agreements, total amount of land premium payable by the Company in respect of these proposed property developments along these railway extensions shall be assessed by the Government as the full market value of the site (taking into account the presence of the railway) less the agreed reduction amounts for the purpose of bridging the funding gaps of these new railway extensions. These proposed property development sites will be developed in portions and the land premium assessment for each portion will be carried out, at the time of the relevant tender, with a specified tranche of the agreed reduction amount being deducted. The reduction amount deducted will be accounted for as government grant when the land grant offer is accepted and will be included in Creditors, Other Payables and Provisions (note 36B). The government grant will offset against the related capital expenditure in Railway Construction in Progress (note 23).

Project agreements on railway extensions entered during the year ended 31 December 2024 and 2023 include:

(i) Project agreement in respect of the Tung Chung Line Extension, which was signed on 28 February 2023. Pursuant to the project agreement in respect of the proposed property development at new Tung Chung East Station, total reduction amount of HK$18,365 million would be deducted at the amount of land premium actually payable by the Company.

(ii) Project agreement in respect of the Kwu Tung Station, which was signed on 5 September 2023. Pursuant to the project agreement in respect of the proposed property development at Kwu Tung, total reduction amount of HK$15,160 million would be deducted at the amount of land premium actually payable by the Company.

(iii) Project agreement in respect of the Tuen Mun South Extension, which was signed on 5 September 2023. Pursuant to the project agreement in respect of the proposed property development at Tuen Mun, total reduction amount of HK$24,201 million would be deducted at the amount of land premium actually payable by the Company.

(iv) Project agreement in respect of the Hung Shui Kiu Station, which was signed on 19 September 2024. Pursuant to the project agreement in respect of the proposed property development at new Hung Shui Kiu Station, total reduction amount of HK$9,850 million would be deducted at the amount of land premium actually payable by the Company.

J In connection with the property developments along the railway systems, on 3 January 2025, the Company accepted an offer dated 22 November 2024 from the HKSAR Government to proceed with the proposed Tung Chung East Station Package One Property Development at Site B of Tung Chung Town Lot No.53 on the terms and conditions of the relevant land grant. The land premium is assessed at HK$337,299,000. After deduction therefrom of the reduction amount pursuant to the project agreement in respect of the Tung Chung Line Extension, nil net land premium is payable by the Company. The transaction is considered to be a related party transaction and also constitute a connected transaction as defined under the Listing Rules. A description of the transaction is contained under the paragraph "Connected Transactions" in the Report of the Members of the Board. The reduction amount deducted will be accounted for as government grant in the year ending 31 December 2025 and will offset against the related capital expenditure in Railway Construction in Progress (note 23).

K On 18 May 2018, the Company, as sub-contractor, provided a sub-contractor warranty effective from 25 September 2017 to the AAHK as a result of the Company having entered into a subcontract ("Subcontract") from a third party for the modification works of the existing Automated People Mover system at the Hong Kong International Airport ("System") for an initial seven-year period, which was subsequently extended to mid-2026.

On 2 July 2020, the Company entered into a contract with the AAHK for the maintenance of the System for a seven-year period effective from 6 January 2021. In respect of the services provided, HK$222 million was recognised as consultancy income during the year ended 31 December 2024 (2023: HK$180 million).

The above transactions are considered to be related party transactions and also constitute continuing connected transactions as defined under the Listing Rules. A detailed description of each of the above agreements is contained under the paragraph "Continuing Connected Transactions" in the Report of the Members of the Board.

47 Material Related Party Transactions *(continued)*

L During the year ended 31 December 2024, the Group incurred HK$143 million (2023: HK$133 million) of expenses for the central clearing services provided by Octopus Cards Limited ("OCL"), a wholly-owned subsidiary of OHL. OCL incurred HK$49 million (2023: HK$47 million) of expenses for the load agent and Octopus card issuance and refund services, computer equipment and relating services as well as warehouse storage space provided by the Group. During the year, OHL declared HK$376 million (2023: HK$422 million) and distributed HK$399 million (2023: HK$361 million) of dividends to the Group.

M During the year ended 31 December 2024, MTR Corporation (Sydney) NRT Pty Ltd, through its joint operation, provided services in respect of the design and delivery of electrical and mechanical systems and rolling stock to NRT Pty Ltd, an associate of the Group, at a total amount of AUD1 million (HK$4 million) (2023: AUD1 million or HK$6 million). Metro Trains Sydney Pty Ltd provided operations and maintenance services in respect of the City section of Sydney Metro M1 Metro North West and Bankstown Line to NRT Pty Ltd at a total amount of AUD197 million (HK$1,024 million) (2023: AUD121 million or HK$629 million) and operations, maintenance and mobilisation services in respect of the City section of Sydney Metro M1 Metro North West and Bankstown Line to NRT CSW Pty Ltd, an associate of the Group, at a total amount of AUD108 million (HK$558 million) (2023: AUD43 million or HK$222 million). MTR Corporation (Sydney) SMCSW Pty Limited provided delivery of electrical and mechanical systems and rolling stock as well as integration of railway system services to NRT CSW Pty Ltd at a total amount of AUD237 million (HK$1,222 million) (2023: AUD239 million or HK$1,242 million).

N During the year ended 31 December 2024, Beijing MTR Corporation Limited declared and distributed RMB200 million (HK$216 million) (2023: HK$nil) of dividends to the Group.

O Other than those stated in notes 47A to 47N, the Company has business transactions with the HKSAR Government, entities related to the HKSAR Government and the Company's associates in the normal course of business operations. Details of the transactions and the amounts involved for the reporting period are disclosed in notes 33 and 37.

P The Group has paid remuneration to Members of the Board and the Executive Directorate. Details of these transactions are described in note 11A. In addition, Members of the Executive Directorate were granted award shares under the Executive Share Incentive Scheme. Details of the terms of these award shares are disclosed in note 11B and the Report of the Members of the Board. Their gross remuneration charged to the consolidated statement of profit or loss is summarised as follows:

in HK$ million	**2024**	2023
Short-term employee benefits	**104.5**	100.9
Post-employment benefits	**7.5**	7.0
Share-based payments	**26.9**	22.8
	138.9	130.7

The above remuneration is included in staff costs and related expenses disclosed in note 10A.

Q During the year, the following dividends were paid to the FSI of the HKSAR Government:

in HK$ million	**2024**	2023
Ordinary dividends		
– Cash dividends paid	**6,071**	6,071

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48 Commitments, Contingent Liabilities and Legal Proceedings

A Capital Commitments

(i) Outstanding capital commitments as at 31 December not provided for in the consolidated financial statements were as follows:

in HK$ million	Hong Kong transport operations, station commercial and other businesses	Hong Kong railway extension projects (note a)	Hong Kong property rental and development	Mainland China and overseas operations (note b)	Total
At 31 December 2024					
Authorised but not yet contracted for	**31,738**	**34,862**	**3,431**	**182**	**70,213**
Authorised and contracted for	**22,582**	**21,716**	**9,935**	**1,863**	**56,096**
	54,320	**56,578**	**13,366**	**2,045**	**126,309**
At 31 December 2023					
Authorised but not yet contracted for	32,082	36,018	3,263	1,027	72,390
Authorised and contracted for	18,883	19,934	10,800	2,130	51,747
	50,965	55,952	14,063	3,157	124,137

Notes:

(a) As at 31 December 2024, capital commitments of Hong Kong railway extension projects included costs of HK$56.6 billion in respect of which the project agreements have been signed. These costs are approved by the Board of Directors but yet to be incurred as at 31 December 2024. The costs concerned are dealt with in accordance with the accounting policy set out in note 2I.

(b) As at 31 December 2024, capital commitments of Mainland China and overseas operations included the authorised outstanding commitments totalling HK$1.8 billion for the capital expenditure in relation to the SZL13 Phase 1 project.

In addition to the above, the Group has the capital commitments in respect of its investments in subsidiary of SZL13 Phase 1 project. The Group is responsible to contribute equity injection up to RMB1,428 million (HK$1,614 million). Up to 31 December 2024, the Group has contributed RMB1,213 million (HK$1,386 million) equity to the project.

(ii) The capital commitments not provided for in the consolidated financial statements under Hong Kong transport operations, station commercial and other businesses comprise the following:

in HK$ million	Improvement, enhancement and replacement works	Acquisition of property, plant and equipment	Additional concession property	Total
At 31 December 2024				
Authorised but not yet contracted for	**22,560**	**3,440**	**5,738**	**31,738**
Authorised and contracted for	**18,718**	**1,878**	**1,986**	**22,582**
	41,278	**5,318**	**7,724**	**54,320**
At 31 December 2023				
Authorised but not yet contracted for	24,146	2,992	4,944	32,082
Authorised and contracted for	15,149	1,550	2,184	18,883
	39,295	4,542	7,128	50,965

48 Commitments, Contingent Liabilities and Legal Proceedings *(continued)*

B Liabilities and Commitments in respect of Property Management Contracts

The Company and certain subsidiaries, namely Hanford Garden Property Management Company Limited, Royal Ascot Management Company Limited and Sun Tuen Mun Centre Management Company Limited, are holders of Property Management Company Licence (licence number: C-114608, C-515001, C-363023 and C-931638 respectively). Over the years, the Group has jointly developed with third party property developers certain properties above or adjacent to railway depots and stations. Under most of the development agreements, the Group retained the right to manage these properties after their completion. The Group, as manager of these properties, enters into service contracts with third party contractors for the provision of security, cleaning, maintenance and other services on behalf of the managed properties. The Group is primarily responsible for these contracts, but any contract costs incurred will be reimbursed by the owners and tenants of the managed properties from the management funds as soon as they are paid.

As at 31 December 2024, the Group had total outstanding liabilities and contractual commitments of HK$4,497 million (2023: HK$3,788 million) in respect of these works and services. Cash funds totalling HK$4,123 million (2023: HK$3,822 million) obtained through monthly payments of management service charges from the managed properties are held by the Group on behalf of those properties for settlement of works and services provided.

C Service Concession in respect of the Rail Merger and Operating Arrangements for HSR and SCL

Pursuant to the Rail Merger and Operating Arrangements for HSR and SCL, the Company is obliged under the SCA to pay an annual fixed payment of HK$750 million to KCRC over the period of the service concession and recognised as obligations under service concession in the statement of financial position. Additionally, commencing after three years from the Appointed Day, the Company is obliged to pay a variable annual payment to KCRC based on the revenue generated from the KCRC system (including HSR & SCL) above certain thresholds. Furthermore, under the SCA, SSCA-HSR and SSCA3-SCL, the Company is obliged to maintain, repair, replace and/or upgrade the KCRC system over the periods of the service concession which is to be returned at the expiry of the service concession.

D Material Financial and Performance Guarantees

(i) In respect of the lease out/lease back transaction ("Lease Transaction") (note 20E), the Group has provided standby letters of credit ("standby LC's") to the Investors to cover additional amounts payable by the Group in the event the transactions are terminated prior to the expiry of the lease terms, and such standby LC's amounted to US$57 million (HK$443 million) as at 31 December 2024.

(ii) In respect of the debt securities issued by MTR Corporation (C.I.) Limited (note 35C), the Company has provided guarantees to the investors of approximately HK$15,283 million (in notional amount) as at 31 December 2024. The proceeds from the debts issued are on lent to the Company. As such, the primary liabilities have been recorded in the Company's statement of financial position.

(iii) In respect of the Melbourne's Metropolitan Rail Services Franchise, the Group has provided to the Public Transport Victoria a parent company guarantee of AUD179 million (HK$865 million) and a performance bond of AUD68 million (HK$330 million) on joint and several basis with other shareholders for Metro Trains Melbourne Pty. Ltd.'s performance and other obligations under the franchise agreement. In respect of the lease of the office premises, MTM has provided bank guarantees of AUD5 million (HK$24 million) as at 31 December 2024 for the monthly rental payments to the landlords.

(iv) In respect of the City section of Sydney Metro M1 Metro North West and Bankstown Line Franchise, the Group has provided to NRT Pty Ltd a parent company guarantee with a liability cap of AUD1,526 million (HK$7,371 million) for the design and construction contract (the cap being subject to the usual exclusions of losses arising from wilful misconduct, fraudulent and criminal actions and, in addition, losses arising from abandonment of the contracts). The Group has also provided a performance bond of AUD18 million (HK$86 million) for the performance and other obligations under the design and construction sub-contract.

(v) In respect of the design, delivery and integration of the Sydney Metro City & Southwest, the Group has provided to NRT CSW Pty Ltd a parent company guarantee with a liability cap of AUD602 million (HK$2,908 million) (the cap being subject to the usual exclusions of losses arising from wilful misconduct, fraudulent and criminal actions and, in addition, losses arising from abandonment of the contracts) and performance bonds of AUD51 million (HK$245 million) for integrator works under the integrator contract. The Group has also provided a parent company guarantee with a liability cap of AUD397 million (HK$1,918 million) and a bank guarantee with a liability cap of AUD51 million (HK$247 million) for the operation and maintenance of the City section of Sydney Metro M1 Metro North West and Bankstown Line. The Group has also provided a parent company guarantee to Metro Trains Sydney Pty Ltd with a liability cap of AUD221 million (HK$1,068 million) and a parent company guarantee to MTR Corporation (Sydney) SMCSW Pty Limited with a liability cap of AUD221 million (HK$1,068 million) for the interface works under City section of Sydney Metro M1 Metro North West and Bankstown Line and Sydney Metro City & Southwest (Design and Delivery).

48 Commitments, Contingent Liabilities and Legal Proceedings *(continued)*

D Material Financial and Performance Guarantees *(continued)*

(vi) In respect of the various lines of the Macao Light Rapid Transit, the Group has provided to Macao Light Rapid Transit Corporation Limited and the Macao SAR Government a number of bank guarantees amounting to MOP241 million (HK$234 million) as at 31 December 2024 for the performance and other obligations under the project.

(vii) In respect of the Stockholm Metro Franchise, the Group has provided to the Stockholm transport authority a guarantee of SEK1,000 million (HK$706 million) as at 31 December 2024, which can be called if the franchise is terminated early as a result of default by MTR Tunnelbanan AB, the wholly owned subsidiary of the Group to undertake the franchise.

(viii) In respect of the investment in Hangzhou West Station property development project, the Group has provided a financial guarantee of RMB333 million (HK$354 million) to the banks participating in the syndication loan for the repayment of interest and/or loan principal by the consortium.

(ix) In respect of the Hangzhou Metro Line 1 and Hangzhou Metro Line 5 concessions, the Group is required to provide handover bank bonds to the Hangzhou Municipal Government before the end of the concessions for a period of three years to cover any non-compliance of handover requirements under the concession agreements.

(x) In respect of the SZL4 concession, the Group has provided to the Shenzhen Municipal Government a parent company guarantee in respect of MTR Corporation (Shenzhen) Limited's performance and other obligations under the concession agreement, which can be called if the performance and other obligations are not met.

(xi) In respect of the Shenzhen Metro Line 13 concession, the Group is required to provide handover bank bonds to the Shenzhen Municipal Government before the end of the concessions for a period of three years to cover any non-compliance of handover requirements under the concession agreements.

(xii) In respect of the London Elizabeth Line Franchise in London, the Group has provided to the Rail for London Limited a parent company guarantee of GBP80 million (HK$780 million) and a performance bond of GBP25 million (HK$244 million) for MTR Corporation (Crossrail) Limited's performance and other obligations under the franchise agreement. The Group has also provided liability caps totalling GBP11 million (HK$102 million) and a performance bond of GBP1 million (HK$10 million) as at 31 December 2024 for minor infrastructure improvement works under London Rail Infrastructure Improvement Framework.

(xiii) In respect of the South Western Trains Franchise, the Group has provided to the Secretary of State for Transport a parent company guarantee of GBP1.8 million (HK$18 million) and an early termination indemnity of GBP1.8 million (HK$18 million) as at 31 December 2024 for the performance and other obligations under the National Rail Contract. The Group has provided a funding deed bond of GBP0.9 million (HK$9 million) and an early termination indemnity agreement bond of GBP0.9 million (HK$9 million) as at 31 December 2024 for aforementioned obligations.

Saved as disclosed elsewhere in the consolidated financial statements, no other provision was recognised in respect of the above financial and performance guarantees and contingent liabilities as at 31 December 2024.

48 Commitments, Contingent Liabilities and Legal Proceedings *(continued)*

E Contingent Liabilities and Legal Proceedings

The Company has not received notification of any legal or arbitration proceedings in relation to the construction of either the HSR Project or the SCL Project. The potential for future proceedings in relation to the construction of: (i) the HSR Project are set out in note 22A; and (ii) the SCL Project are set out in note 22B.

As discussed in note 16, the Company has objected to the notices of profits tax assessments/additional profits tax assessments for years of assessment from 2009/2010 to 2017/2018 which disallowed deduction of certain payments relating to the Rail Merger.

A collective action has been launched against several train operators in the United Kingdom, including First MTR South Western Trains Limited, an associate of the Group. The action alleges that the train operators breached the competition law by abusing their dominant positions. Specifically, the plaintiff claims that the operators failed to make sufficiently available a specific type of tickets offering "boundary fares" to Travelcard holders, resulting in double-charging the affected passengers for part of their journeys. Court trials for the action have been split into three separate stages, with the first trial completed in July 2024 and as at the date of this annual report, the first trial's judgment has not been issued. Whilst the Company is not separately named in the action, it is a 30% shareholder in the First MTR South Western Trains Limited. It is not possible at this time to predict with certainty what liability, if any, the Company might have in respect of this collective action.

Other than the above, whilst the Company may be involved in legal proceedings in the ordinary course of business from time to time, neither the Company nor any of its directors were involved in any litigation, arbitration or administrative proceedings, which in a material way impact on the Company's business, financial condition or operations. As of the date of this annual report, the Company is not aware of any pending or threatened litigation, arbitration or administrative proceedings against the Company or its directors, which would have a material and adverse impact on the Company's business, financial condition, or operations.

49 Assets and Liabilities of Disposal Group Classified as Held For Sale

in HK$ million	**2024**	2023
Assets		
Other property, plant and equipment	–	356
Deferred tax assets	–	29
Debtors and other receivables	–	20
Cash, bank balances and deposits	–	94
Assets of disposal group classified as held for sale	–	499
Liabilities		
Creditors, other payables and provisions	–	99
Liabilities of disposal group classified as held for sale	–	99

In 2023, the Group had conducted a strategic review (including divestment) of MTR Express (Sweden) AB, a wholly-owned subsidiary of the Group operating MTRX service in Sweden. With the implementation of an active sale programme, the sale of MTR Express (Sweden) AB was considered as highly probable at 31 December 2023. As such, assets of HK$499 million and liabilities of HK$99 million of MTR Express (Sweden) AB were reclassified as "disposal group held for sale" in the consolidated statement of financial position as at 31 December 2023. During the year ended 31 December 2024, the Group entered into an agreement with an independent third party on 8 February 2024 for the sale of MTR Express (Sweden) AB. The transaction was completed in May 2024 (note 7).

50 Company-level Statement of Financial Position

in HK$ million	**At 31 December 2024**	At 31 December 2023
Assets		
Fixed assets		
– Investment properties	**93,080**	95,980
– Other property, plant and equipment	**105,789**	102,134
– Service concession assets	**32,352**	30,940
	231,221	229,054
Property management rights	**9**	10
Railway construction in progress	**11,375**	4,256
Property development in progress	**42,300**	41,728
Deferred expenditure	**64**	376
Investments in subsidiaries	**2,797**	4,147
Interests in associates	**410**	410
Investments in securities	**1,000**	–
Properties held for sale	**2,410**	1,927
Derivative financial assets	**342**	240
Stores and spares	**1,835**	1,782
Debtors and other receivables	**12,411**	7,815
Amounts due from related parties	**21,131**	21,472
Cash, bank balances and deposits	**20,841**	14,197
	348,146	327,414
Liabilities		
Short-term loans	**800**	1,200
Creditors, other payables and provisions	**60,686**	66,929
Current taxation	**2,785**	1,460
Amounts due to related parties	**18,955**	18,697
Loans and other obligations	**58,596**	39,898
Obligations under service concession	**9,817**	9,898
Derivative financial liabilities	**2,014**	1,710
Deferred tax liabilities	**15,978**	14,970
	169,631	154,762
Net assets	**178,515**	172,652
Capital and reserves		
Share capital	**61,287**	61,083
Shares held for Executive Share Incentive Scheme	**(299)**	(269)
Other reserves	**117,527**	111,838
Total equity	**178,515**	172,652

Approved and authorised for issue by the Members of the Board on 6 March 2025

Rex P K Auyeung
Chairman

Jacob C P Kam
Chief Executive Officer

Michael G Fitzgerald
Finance Director

51 Accounting Estimates and Judgements

A Key sources of accounting estimates and estimation uncertainty include the following:

(i) Estimated Useful Life and Depreciation and Amortisation of Property, Plant and Equipment and Service Concession Assets

The Group estimates the useful lives of the various categories of property, plant and equipment and service concession assets on the basis of their design lives, planned asset maintenance programme and actual usage experience. Depreciation and amortisation are calculated using the straight-line method at rates sufficient to write off their cost or valuation over their estimated useful lives (note 2H).

(ii) Impairment of Long-lived Assets

The Group reviews its long-lived assets for indications of impairment at the end of each reporting period according to accounting policies set out in note 2G(ii). Long-lived assets (including service concession assets of SZL4 (note 21B)) are reviewed for impairment at each reporting date or whenever events or changes in circumstances indicate that the carrying amount of the assets exceeds its recoverable amount. The recoverable amount of an asset is the greater of the fair value less costs of disposal and value in use. In estimating the value in use, the Group uses projections of future cash flows from the assets and the management's assignment of a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(iii) Pension Costs

The Group employs independent valuation professionals to conduct annual assessment of the actuarial position of the MTR Retirement Scheme. The determination of the Group's obligation and expense for the defined benefit element of the scheme is dependent on certain assumptions and factors provided by the Group, which are disclosed in notes 45A(i) and 46F.

(iv) Profit Recognition on Hong Kong Property Development

Recognition of profits from Hong Kong property development (including fair value measurement of investment properties on initial recognition) requires management's estimation of the final project costs upon completion, assessment of outstanding transactions and market values of unsold units and, in the case of sharing-in-kind properties, the properties' fair value upon recognition. The Group takes into account independent qualified surveyors' reports, past experience on sales and marketing costs when estimating final project costs on completion and makes reference to professionally qualified valuers' reports in determining the estimated fair value of sharing-in-kind properties.

(v) Properties Held for Sale

The Group values unsold interests in properties at the lower of their costs and net realisable values (note 29) at the end of each reporting period. In ascertaining the properties' net realisable values, which are represented by the estimated selling prices less costs to be incurred in relation to the sales, the Group engages independent qualified surveyors to assess the properties' estimated selling prices and makes estimations on further selling and property holding costs to be incurred based on past experience and with reference to general market practice.

(vi) Valuation of Investment Properties

The valuation of investment properties requires management's input of various assumptions and factors relevant to the valuation. The Group conducts semi-annual fair value measurement of its investment properties by independent qualified surveyors based on these assumptions agreed with the valuers prior to adoption.

(vii) Franchise in Hong Kong

The current franchise under which the Group is operating in Hong Kong allows the Group to run the mass transit railway system in Hong Kong until 1 December 2057, except for HSR and SCL which the concession periods are detailed in note 3. Pursuant to the terms of the OA and the MTR Ordinance, the Company may apply for extensions of the franchise and the Secretary for Transport and Logistics shall, subject to certain provisions, recommend to the Chief Executive in Council that the franchise should be extended for a further period of 50 years (from a date relating to certain capital expenditure requirements) if the Company has satisfied such capital expenditure requirements, at no additional payment for any such extension. If the franchise is not extended, it will expire on 1 December 2057. Following such expiry, the HKSAR Government has the right to take possession of railway property (and, where the HKSAR Government has taken possession of any such property which is not concession property, the Company may require the HKSAR Government to take possession of any other property which the HKSAR Government was entitled to take possession of, but did not take possession of), but must compensate the Company: (i) in the case of such property which is not concession property, at the higher of fair value and depreciated book value, and (ii) in the case of such property which is concession property and to the extent that the capital expenditure exceeds an agreed threshold ("Capex Threshold"), in an amount equal to any above-threshold expenditure at the end of the Concession Period with such reimbursement to be on the basis of depreciated book value. The Group's depreciation policies (note 2H) for such property which is not concession property with assets' lives which extend beyond 2057 reflect the above.

(viii) Income Tax

Certain treatments adopted by the Group in its Hong Kong Profits Tax returns in the past years are yet to be finalised with the Hong Kong Inland Revenue Department. In assessing the Group's income tax and deferred taxation in the consolidated financial statements, the Company has predominantly followed the tax treatments it has adopted in these tax returns, which may be different from the final outcome in due course.

As detailed in note 16B, there are tax queries from the IRD with the Company on tax deductibility of the Sums for which the ultimate tax determination is uncertain up to the date of this financial statements. The Group recognises tax provision for these tax matters based on estimates of whether additional taxes will eventually be due. Where the final outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax expenses in the period when such determination is made.

51 Accounting Estimates and Judgements *(continued)*

A Key sources of accounting estimates and estimation uncertainty include the following *(continued)*:

(ix) Project Provisions

The Group establishes project provisions for the settlement of estimated claims that may arise due to time delays, additional costs or other unforeseen circumstances common to major construction contracts. The claims provisions are estimated based on an assessment of the Group's liabilities under each contract by professionally qualified personnel, which may differ from the actual claims settlement.

(x) Fair Value of Derivatives and Other Financial Instruments

In determining the fair value of financial instruments, the Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For financial instruments that are not traded in active markets, the fair values were derived using the discounted cash flows method which discounts the future contractual cash flows at the current market interest or foreign exchange rates, as applicable, for similar financial instruments that were available to the Group at the time.

(xi) Obligations under Service Concession

In determining the present value of the obligations under service concession, the discount rate adopted was the relevant Group company's estimated long-term incremental cost of borrowing at inception after due consideration of the relevant Group company's existing fixed rate borrowing cost, future interest rate and inflation trends.

B Critical accounting judgements in applying the Group's accounting policies include the following:

(i) Provisions and Contingent Liabilities

The Group recognises provisions when the Group has a legal or constructive obligation arising as a result of a past event (including in relation to those under entrustment arrangements (note 22) and provisions for onerous contracts (note 7)), and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as contingent liability. Other than as set out in notes 22 and 48E, as at 31 December 2024, the Group considered that it had no disclosable contingent liabilities as there were neither pending litigations nor events with potential obligation which were probable to result in material outflow of economic benefits from the Group.

52 Possible Impact of Amendments, New Standards and Interpretations Issued but Not Yet Effective for the Year Ended 31 December 2024

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2024 and which have not been adopted in these consolidated financial statements. These developments include the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
Amendments to HKAS 21, *The effects of changes in foreign exchange rates: Lack of exchangeability*	1 January 2025
Amendments to HKFRS 9, *Financial instruments* and HKFRS 7, *Financial instruments: Disclosures: Amendments to the classification and measurement of financial instruments*	1 January 2026
Annual improvements to HKFRSs – Volume 11	1 January 2026
HKFRS 18, *Presentation and disclosure in financial statements*	1 January 2027
HKFRS 19, *Subsidiaries without public accountability: Disclosures*	1 January 2027

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far, the Group considers that the adoption of them is unlikely to have a significant impact on the Group's consolidated financial statements, except for HKFRS 18, where the structure of the Group's consolidated statement of profit or loss is expected to change.

53 Approval of the Consolidated Financial Statements

The consolidated financial statements were approved by the Board on 6 March 2025.

GLOSSARY

Airport Express	Train service provided between AsiaWorld-Expo Station and Hong Kong Station
Appointed Day or Merger Date	2 December 2007 when the Rail Merger was completed
Articles of Association	The articles of association of the Company
Board	The board of directors of the Company
Bus	Feeder bus services operated in support of Tuen Ma Line, East Rail Line and Light Rail
Company or MTR Corporation	MTR Corporation Limited, a company which was incorporated in Hong Kong under the Companies Ordinance on 26 April 2000
Companies Ordinance	The Companies Ordinance (Chapter 622 of the Laws of Hong Kong or the predecessor Companies Ordinance Chapter 32 of the Laws of Hong Kong (as the case may be))
Computershare	Computershare Hong Kong Investor Services Limited, the share registrar of the Company
Cross-boundary Service or Cross-boundary	Journeys with the destination to/commencing from Lo Wu and Lok Ma Chau stations
Customer Service Pledge	Annually published performance targets in accordance with the Operating Agreement
Director or Member of the Board	A member of the Board
Domestic Service	Collective name for Kwun Tong, Tsuen Wan, Island, South Island, Tung Chung, Tseung Kwan O, Disneyland Resort, East Rail (excluding Cross-boundary Service) and Tuen Ma lines
EBITDA	Operating profit/loss before fair value measurement of investment properties, depreciation, amortisation, provisions for onerous contracts and impairment loss, variable annual payment, share of profit of associates and joint ventures, interests, finance charges and taxation
EBITDA Margin	EBITDA (excluding Hong Kong property development profit from share of surplus, income and interest in unsold properties) as a percentage of total revenue
EBIT	Profit/loss before fair value measurement of investment properties, interest, finance charges and taxation and after variable annual payment
EBIT Margin	EBIT (excluding Hong Kong property development profit from share of surplus, income and interest in unsold properties, and share of profit of associates and joint ventures) as a percentage of total revenue
Express Rail Link or High Speed Rail or HSR	Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link, also known as Guangzhou-Shenzhen-Hong Kong High Speed Rail (Hong Kong Section) after the commencement of passenger service on 23 September 2018
Fare Index	A measure of customer satisfaction for the fares charged for Domestic and Cross-boundary services, HSR, Airport Express, Light Rail and Bus based on satisfaction scores for different fare attributes weighted by the corresponding importance rating from the customer research
FSI	The Financial Secretary Incorporated, a corporation solely established under the Financial Secretary Incorporation Ordinance (Chapter 1015 of the Laws of Hong Kong)
Government	The Government of the Hong Kong SAR
Group	The Company and its subsidiaries
HKSE or Stock Exchange	The Stock Exchange of Hong Kong Limited
Heavy Rail	Collective name for Domestic Service, Cross-boundary Service and Airport Express

GLOSSARY

Hong Kong or Hong Kong SAR or HKSAR	The Hong Kong Special Administrative Region of the People's Republic of China
Intercity Service or Intercity	Intercity through train services operated between Hong Kong and major cities in Mainland China such as Beijing, Shanghai and Guangzhou
Interest Cover	Operating profit before fair value measurement of investment properties, depreciation, amortisation, provisions for onerous contracts and impairment loss, variable annual payment, share of profit of associates and joint ventures, interests, finance charges and taxation divided by interest and finance charges before capitalisation, and utilisation of government subsidy for Shenzhen Metro Line 4 operation
KCRC	Kowloon-Canton Railway Corporation
KPMG	KPMG, Certified Public Accountants, the independent auditor of the Company. KPMG is a Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance
Light Rail	Light rail serving Northwest New Territories
Listing Rules	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
MTR Ordinance	The Mass Transit Railway Ordinance (Chapter 556 of the Laws of Hong Kong)
Net Debt-to-equity Ratio	Loans and other obligations, bank overdrafts, short-term loans, obligations under service concession and loans from holders of non-controlling interests net of cash, bank balances and deposits, and investment in bank medium-term notes in the consolidated statement of financial position as a percentage of the total equity
Operating Agreement	The agreement entered into by the Company and the Government on 30 June 2000 for the operation of our rail services before the Rail Merger and a new agreement entered on 9 August 2007 for the operation of all of our rail and bus passenger services after the Rail Merger
Ordinary Shares	Ordinary shares in the capital of the Company
Rail Merger or Merger	The merger of the rail operations of MTR Corporation and KCRC and the acquisition of certain property interests by MTR Corporation from KCRC, full details of which are set out in the Rail Merger Circular. The Rail Merger was completed on 2 December 2007
Rail Merger Ordinance	The Rail Merger Ordinance (Ordinance No.11 of 2007)
Return on Average Equity Attributable to Shareholders of the Company arising from Underlying Businesses	Profit attributable to shareholders of the Company arising from underlying businesses as a percentage of the average of the beginning and closing total equity attributable to shareholders of the Company of the period
Service Concession	A contract to provide services for a particular period which is awarded by a public sector entity to an operator; in the context of concession projects in Hong Kong, service concession refers to the concession granted or to be granted by KCRC and/or Government to the Company to operate, maintain and renew certain railway lines under the Service Concession Agreement or a Supplemental Service Concession Agreement, as more particularly described in the Rail Merger Circular; in the context of concession projects in Mainland China and Overseas, service concession refers to the concession granted by the government or relevant public sector entity to a subsidiary, associate or joint venture of the Company to provide certain specified services for a specified period under a negotiated concession agreement
Service Quality Index	A measure of customer satisfaction for the services provided by Domestic and Cross-boundary services, HSR, Airport Express, Light Rail and Bus based on satisfaction scores for different service attributes (excluding fares) weighted by the corresponding importance rating from the customer research

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SHAREHOLDER SERVICES

Any matters relating to your shareholding, such as transfer of shares, change of name or address, and loss of share certificates should be addressed in writing to the Registrar:

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