

Stock code: 66
Annual Report 2025

NETWORKS FOR A CONNECTED COMMUNITY





NETWORKS FOR A CONNECTED COMMUNITY

MTR Corporation Limited is proud to present its 2025 Annual Report, which details a year of continued business growth as well as steady progress towards building the rail networks of the future in Hong Kong.

MTR is deeply committed to the mission of Keep Cities Moving by providing safe, affordable, accessible and environmentally friendly rail transit. We also develop residential and commercial properties at key nodes along our extensive networks. In addition to driving shareholder value, earnings from railway services and property businesses contribute greatly to the maintenance and enhancement of our world-class assets as well as the design and construction of new railways to support Hong Kong's economic growth. In 2025, we continued to provide high-quality public transit for millions of passengers. Additionally, we actively progressed various critical new railway projects to extend Hong Kong railway network. This significant expansion will boost connectivity across the city, integrate communities and drive city's future economic growth, creating mutual benefits and opportunities to our company and Hong Kong.

We invite readers to learn more about the accomplishments we achieved during the year. For information on our comprehensive sustainability efforts across our businesses, please refer to our Sustainability Report 2025.



Annual Report 2025



Sustainability Report 2025



Our Vision

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



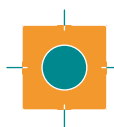
Our Purpose

Keep Cities Moving



Our Values

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



Our Cultural Focus Areas

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





Contents

OVERVIEW

- 2 Highlights
- 4 ESG Highlights
- 5 Key Awards
- 6 Key Figures
- 8 Our Network
- 10 Chairman's Letter
- 14 CEO's Review and Outlook

BUSINESS REVIEW AND ANALYSIS

- 18 The Year in Review
 - 18 Business Performance
 - 18 – **Hong Kong Transport Services**
Transport Operations
 - 26 – **Hong Kong Transport Services**
Station Commercial Businesses
 - 30 – **Hong Kong Property Businesses**
 - 38 – **Hong Kong Network Expansion**
 - 43 – **Chinese Mainland and**
International Businesses
 - 50 Financial Performance
- 58 Ten-Year Statistics
- 60 Other Businesses
- 61 Environmental & Social Responsibility
- 64 Human Resources
- 66 Investor Relations

CORPORATE GOVERNANCE

- 68 Corporate Governance Report
- 100 Audit & Risk Committee Report
- 103 Risk Management
- 108 Capital Works Committee Report
- 109 Finance & Investment Committee Report
- 110 Remuneration Committee Report
- 115 Board and Executive Directorate
- 133 Key Corporate Management
- 134 Report of the Members of the Board

FINANCIALS AND OTHER INFORMATION

- 165 Contents of Consolidated Financial Statements and Notes
- 166 Independent Auditor's Report
- 172 Consolidated Statement of Profit or Loss
- 173 Consolidated Statement of Comprehensive Income
- 174 Consolidated Statement of Financial Position
- 175 Consolidated Statement of Changes in Equity
- 176 Consolidated Statement of Cash Flows
- 177 Notes to the Consolidated Financial Statements
- 259 Glossary



Highlights

Growth and Outlook

- Signed the **Project Agreement** for **Northern Link (Part 1)**
- Invited by **Government** to Proceed with the Detailed Planning and Design for the **South Island Line (West)** Project
- Construction of **Tung Chung Line Extension, Oyster Bay Station, Tuen Mun South Extension, Kwu Tung Station** on the East Rail Line and **Hung Shui Kiu Station** on the Tuen Ma Line Continued
- **9 Residential Property Projects** under Development



Hong Kong Businesses

- **99.9%** Passenger Journeys On-time
- **1.9+ billion** Total Patronage
- Awarded **Tuen Mun A16 Station Package 1** Property Development Project



Corporate Strategy 3 Strategic Pillars



Hong Kong Core

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



Chinese Mainland and International Businesses

Expand into New Hubs and New Products across Chinese Mainland 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



Chinese Mainland and International Businesses

- **Beijing Metro Line 17 and Shenzhen Metro Line 13 Phase 1**
Commenced Full-line Opening
- **Metro Trains West Consortium**
was Awarded the Contract for the Trains, Systems, Maintenance and Operations of the **Sydney Metro West Project**
- Opened Metro Tunnel of **Melbourne's Metropolitan Rail Service**

ESG Highlights

Social Inclusion



Advancement & Opportunities



Greenhouse Gas Emissions Reduction



KEY KPIS FOR 2025 ACHIEVED



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



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



Installed **2** Additional Solar PV Systems



HK\$ 100 million+ Community Investment spent in 2022 – 2025



Over 2,000 Students Participated in "Train' for Life's Journeys 2.0" Programme



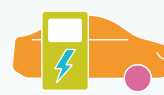
Rolled out **2 Digitalisation Programmes** of Customer Services



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



25 Suppliers Attended **Training Sessions on Carbon Accounting**



Installed **200+** Additional EV Charging Stations in 2022 – 2025

Key Awards



Hong Kong Transport Services

- **Excellence in Living Smart Award 2025**
 - **Chill Out: Excellence in Customer Experience Award**
MingPao.com
- **Hong Kong Service Awards 2025**
 - **Public Transportation Category Award**
East Week
- **HKACE Awards 2024**
 - **Smart Service Award – Gold Award**
 - **Customer Communication Award – Gold Award**
 - **Digital Service Strategy Award – Silver Award**
Hong Kong Association for Customer Service Excellence
- **Elite Brand Awards 2024**
 - **Elite Brand Award (Public Transport Services)**
- **Elite Listed Enterprise Awards 2024**
 - **Elite Listed Enterprise Award (Public Services)**
Oriental Daily News and on.cc
- **Received 15 awards in the 50th International Exhibition of Inventions Geneva**
Geneva Invention
- **UITP Awards 2025**
 - **Operational Excellence Category**
International Association of Public Transport



Hong Kong Property Businesses

- **ELEMENTS Shopping Mall Awards 2024 – 2025**
 - **Top 10 Shopping Mall Award**
U Magazine
- **Hong Kong Service Awards 2025**
 - **Excellent Service Award**
East Week
- **Telford Plaza True Living Supreme Brand Awards 2025**
am730
- **The Wai Experiential Marketing Brilliance Award 2025**
 - **Top Ten Shopping Mall Award**
Metro Finance



Finance and Investor Relations

- **Bronze Award – General Category, 2025 Best Annual Reports Awards**
The Hong Kong Management Association
- **Received two awards in 2025 International Annual Reports Competition (ARC) Awards**
MerComm, Inc.



Environmental, Social and Governance

- **Received 13 awards in HR Excellence Awards 2024/2025**
Hong Kong Institute of Human Resource Management
- **Received three Gold Awards in Racial Diversity & Inclusion Employers Award Scheme 2025**
Equal Opportunities Commission
- **Hong Kong Volunteer Awards 2025**
 - **Corporate – Top 10 Highest Volunteer Hour Award**
 - **Corporate – Volunteer Hour Gold Award**
Agency for Volunteer Service
- **“Caring Employer” Medal 2025**
 - **Level 3: Disability Inclusive Pioneer**
 - **Inclusive Collaboration Award (EmpowerZ programme)**
Labour and Welfare Bureau
- **2025 HKMA Sustainability Award**
 - **Distinction Award (Large Organisation Category)**
The Hong Kong Management Association
- **Received six awards in TVB ESG Awards 2025**
Television Broadcasts Limited



Chinese Mainland and International Businesses

- **MTR (SZ) 2024/2025 Annual Awards for National Excellent Foreign-Invested Enterprises**
China Association of Enterprises with Foreign Investment and Shenzhen Association of Enterprises with Foreign Investment
- **HZMTR National Safety – Culture Demonstration Enterprise (2024 – 2026)**
China Association of Work Safety
- **Metro Trains Sydney Australasian Rail Industry Awards 2025**
 - **Passenger Operations Excellence Award**
The Australasian Railway Association
- **Australian Service Excellence Awards 2025**
 - **Customer Experience Transformation of the Year Award**
 - **Best of the Best Award**
 - **Customer Experience Professional of the Year Award**
Customer Service Institute of Australia

Key Figures

	2025		2024		Favourable/ (Unfavourable) Change %
	HK\$ million	%	HK\$ million	%	
Total revenue					
Recurrent business revenue					
– Hong Kong transport services					
– Hong Kong transport operations	23,595	42.6	23,013	38.3	2.5
– Hong Kong station commercial businesses	5,345	9.6	5,343	8.9	0.0
– Total Hong Kong transport services	28,940	52.2	28,356	47.2	2.1
– Hong Kong property rental and management businesses	5,067	9.1	5,379	9.0	(5.8)
– Chinese Mainland and international railway, property rental and management subsidiaries	20,686	37.3	25,467	42.4	(18.8)
– Other businesses	758	1.4	809	1.4	(6.3)
	55,451	100.0	60,011	100.0	(7.6)
Property development business revenue					
– Chinese Mainland property development	14	–	–	–	n/m
Total revenue	55,465	100.0	60,011	100.0	(7.6)
Total EBITDA⁽¹⁾					
Recurrent business EBITDA					
– Hong Kong transport services					
– Hong Kong transport operations	7,904	25.6	7,694	25.6	2.7
– Hong Kong station commercial businesses	4,584	14.8	4,658	15.5	(1.6)
– Total Hong Kong transport services	12,488	40.4	12,352	41.1	1.1
– Hong Kong property rental and management businesses	3,855	12.5	4,195	13.9	(8.1)
– Chinese Mainland and international railway, property rental and management subsidiaries	1,734	5.6	1,656	5.5	4.7
– Other businesses, project studies and business development expenses	(376)	(1.2)	(296)	(1.0)	(27.0)
	17,701	57.3	17,907	59.5	(1.2)
Property development business EBITDA					
– Hong Kong property development	13,212	42.7	12,185	40.5	8.4
– Chinese Mainland property development	9	–	(3)	–	n/m
	13,221	42.7	12,182	40.5	8.5
Total EBITDA	30,922	100.0	30,089	100.0	2.8
Total EBIT⁽²⁾					
Recurrent business EBIT					
EBIT					
– Hong Kong transport services					
– Hong Kong transport operations	(254)	(1.1)	(63)	(0.3)	(303.2)
– Hong Kong station commercial businesses	3,660	16.6	3,773	16.9	(3.0)
– Total Hong Kong transport services	3,406	15.5	3,710	16.6	(8.2)
– Hong Kong property rental and management businesses	3,821	17.4	4,169	18.7	(8.3)
– Chinese Mainland and international railway, property rental and management subsidiaries	1,198	5.4	1,223	5.5	(2.0)
– Other businesses, project studies and business development expenses	(450)	(2.0)	(364)	(1.6)	(23.6)
Share of profit of associates and joint ventures	787	3.6	1,340	6.1	(41.3)
	8,762	39.9	10,078	45.3	(13.1)
Property development business EBIT					
– Hong Kong property development	13,212	60.1	12,185	54.7	8.4
– Chinese Mainland property development	9	–	(3)	–	n/m
	13,221	60.1	12,182	54.7	8.5
Total EBIT	21,983	100.0	22,260	100.0	(1.2)
Loss from fair value measurement of investment properties	(2,060)		(1,703)		(21.0)
Interest and finance charges	(1,006)		(1,032)		2.5
Profit before taxation	18,917		19,525		(3.1)
Income tax	(3,359)		(3,458)		2.9
Profit for the year	15,558		16,067		(3.2)
Non-controlling interests	(245)		(295)		16.9
Profit for the year attributable to shareholders of the Company and perpetual capital securities holders	15,313		15,772		(2.9)
Perpetual capital securities	(636)		–		n/m
Profit for the year attributable to shareholders of the Company	14,677		15,772		(6.9)
Profit for the year attributable to shareholders of the Company arising from:					
Recurrent businesses					
– in Hong Kong	4,962		5,981		(17.0)
– outside Hong Kong	691		1,229		(43.8)
	5,653		7,210		(21.6)
Property development businesses					
– in Hong Kong	11,066		10,235		8.1
– outside Hong Kong	18		30		(40.0)
	11,084		10,265		8.0
Underlying businesses	16,737		17,475		(4.2)
Fair value measurement of investment properties	(2,060)		(1,703)		(21.0)
Total profit for the year attributable to shareholders of the Company	14,677		15,772		(6.9)

Notes

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

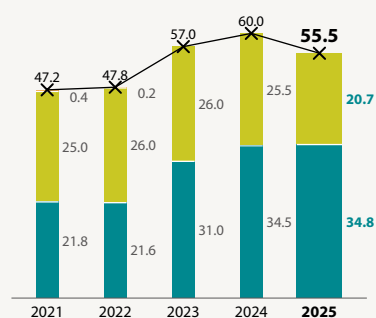
2 EBIT represents profit/(loss) before fair value measurement of investment properties, interest, finance charges and taxation and after variable annual payment.
n/m: not meaningful

Total Revenue

(HK\$ billion)

HK\$55.5 billion

↓7.6%



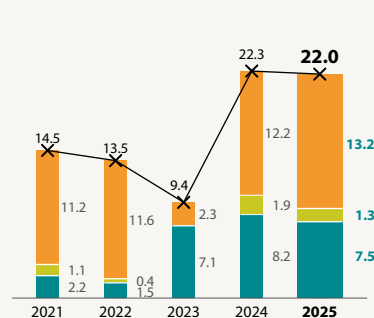
- Chinese Mainland Property Development
- Recurrent Businesses - Chinese Mainland and International
- Recurrent Businesses - Hong Kong
- ✕ Total Revenue

Total EBIT

(HK\$ billion)

HK\$22.0 billion

↓1.2%



- Property Development Businesses
- Recurrent Businesses - Chinese Mainland and International*
- Recurrent Businesses - Hong Kong
- ✕ Total EBIT

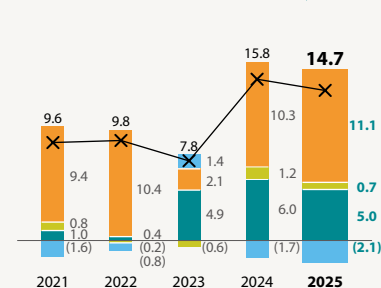
* Including Share of Profit from Associates and Joint Ventures, and Project Studies and Business Development Expenses from Chinese Mainland and International Businesses

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

(HK\$ billion)

HK\$14.7 billion

↓6.9%



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







	2025	2024	Favourable/ (Unfavourable) Change %
Financial ratios			
EBITDA margin ⁽³⁾ (in %)	31.9	29.8	2.1% pts.
EBITDA margin ⁽³⁾ (excluding Chinese Mainland and international subsidiaries ^δ) (in %)	45.9	47.0	(1.1)% pts.
EBIT margin ⁽⁴⁾ (in %)	14.4	14.6	(0.2)% pt.
EBIT margin ⁽⁴⁾ (excluding Chinese Mainland and international subsidiaries ^φ) (in %)	19.5	21.8	(2.3)% pts.
Net debt-to-equity ratio ⁽⁵⁾ (in %)	22.5	31.6	9.1% pts.
Return on average equity attributable to shareholders of the Company arising from underlying businesses (in %)	8.9	9.6	(0.7)% pt.
Interest cover ⁽⁶⁾ (times)	13.4	15.1	(1.7) times
Share information			
Basic earnings per share (in HK\$)	2.36	2.54	(7.1)
Basic earnings per share arising from underlying businesses (in HK\$)	2.69	2.81	(4.3)
Ordinary dividend per share (in HK\$)	1.31	1.31	-
Dividend payout ratio (based on underlying business profit) (in %)	49	47	2% pts.
Share price at 31 December (in HK\$)	29.80	27.10	10.0
Market capitalisation at 31 December (in HK\$ million)	185,500	168,693	10.0
Hong Kong Transport Operations			
Total passenger boardings (in million)			
Domestic Service	1,594.4	1,601.7	(0.5)
Cross-boundary Service	106.7	98.4	8.4
High Speed Rail	31.1	26.7	16.3
Airport Express	13.3	13.1	1.3
Light Rail and Bus	213.0	213.6	(0.2)
Average number of passengers (in thousand)			
Domestic Service (weekday)	4,711.6	4,683.8	0.6
Cross-boundary Service (daily)	292.3	268.8	8.7
High Speed Rail (daily)	85.2	73.0	16.7
Airport Express (daily)	36.4	35.9	1.6
Light Rail and Bus (weekday)	621.2	615.4	0.9
Average fare (in HK\$)			
Domestic Service	8.82	8.67	1.7
Cross-boundary Service	32.97	32.12	2.6
High Speed Rail	78.30	79.68	(1.7)
Airport Express	64.23	61.12	5.1
Light Rail and Bus	3.34	3.27	2.3
Proportion of franchised public transport boardings (in %)	50.2	50.1	0.1% pt.

Notes













- 3 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.
- 4 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.
- 5 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.
- 6 Interest cover represents operating profit before fair value measurement of investment properties, depreciation, amortisation, 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 Chinese Mainland and international subsidiaries of HK\$20,700 million and HK\$18,957 million (2024: HK\$25,467 million and HK\$23,814 million) respectively.
- φ Excluding the relevant revenue, expenses, depreciation and amortisation of Chinese Mainland and international subsidiaries of HK\$20,700 million, HK\$18,957 million, and HK\$536 million (2024: HK\$25,467 million, HK\$23,814 million, and HK\$433 million) respectively.

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
-  Northern Link (Part 1)

POTENTIAL FUTURE EXTENSIONS

-  Northern Link (Part 2)
-  Tseung Kwan O Line Southern Extension
-  South Island Line (West)
-  Pak Shek Kok Station

PROPERTIES OWNED / DEVELOPED / MANAGED BY THE CORPORATION

- | | |
|--|--|
| <ul style="list-style-type: none"> 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 / The Royal Garden 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 / VILLA GARDA / SEASONS PLACE / The LOHAS 35 The Palazzo 36 Lake Silver 37 Festival City 38 The Riverpark 39 Century Gateway | <ul style="list-style-type: none"> 40 THE PAVILIA FARM I / THE PAVILIA FARM II / The Wai 41 YOHO WEST 42 The Austin / Grand Austin 43 SOUTHLAND / La Marina / THE SOUTHSIDE / LA MONTAGNE 44 ONMANTIN / IN ONE 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 GRAND MAYFAIR |
|--|--|



PROPERTY DEVELOPMENTS UNDER CONSTRUCTION / PLANNING

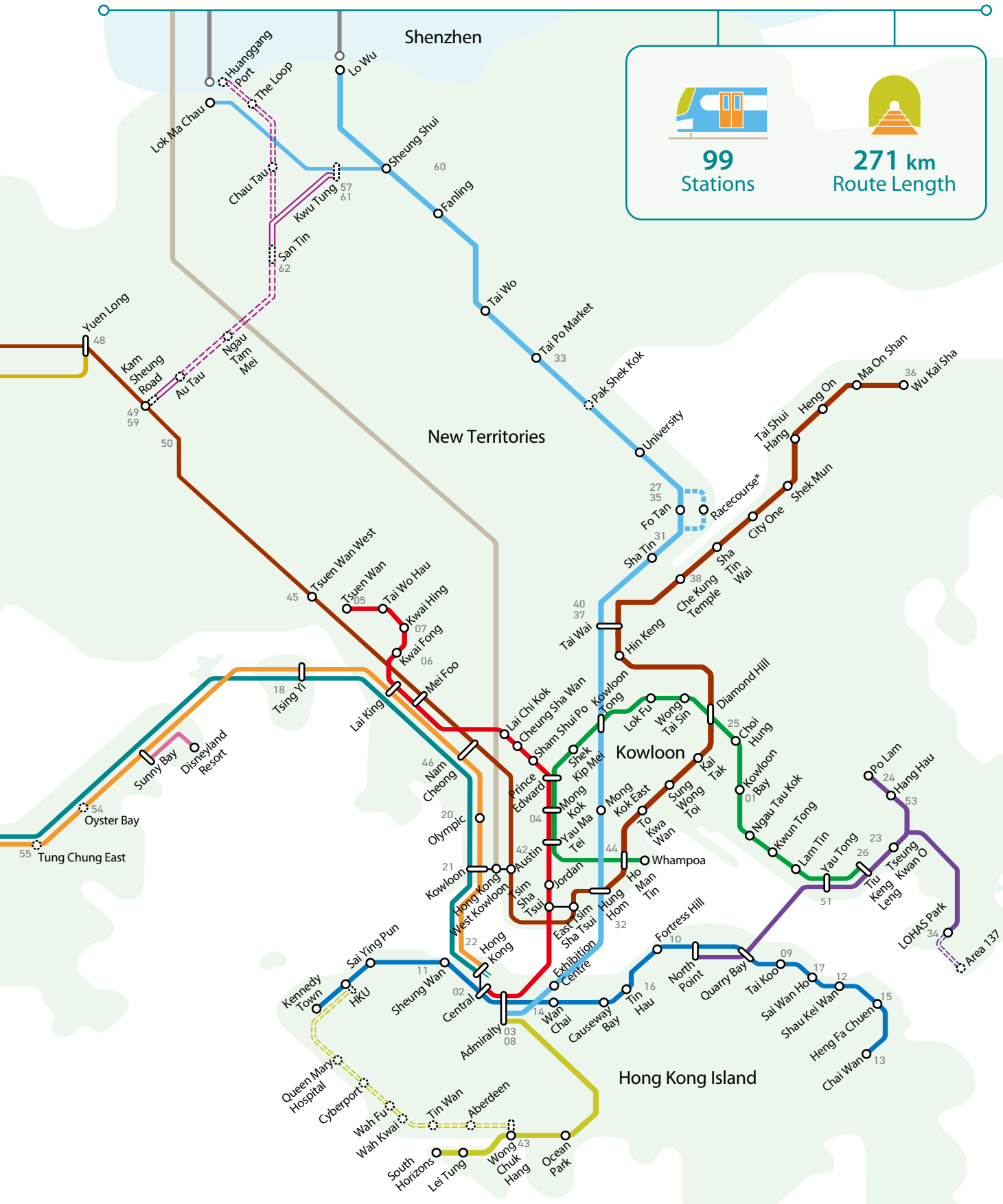
- 34 LOHAS Park Packages
- 40 Tai Wai Station
- 41 Tin Wing Stop
- 43 THE SOUTHSIDE Packages
- 51 Yau Tong Ventilation Building
- 52 Tung Chung Traction Substation
- 53 Pak Shing Kok Ventilation Building
- 54 Oyster Bay Packages
- 55 Tung Chung East Station Packages
- 56 A16 Station Packages
- 57 Kwu Tung Station Packages
- 58 Hung Shui Kiu Station Packages
- 59 Kam Sheung Road Station Phase 2
- 60 Fanling North Packages
- 61 Kwu Tung North Packages
- 62 San Tin 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 GRAND MAYFAIR
- 50 Pat Heung Maintenance Centre

HONG KONG OPERATING NETWORK WITH FUTURE EXTENSIONS





99
Stations



271 km
Route Length

OVERVIEW

BUSINESS REVIEW AND ANALYSIS

CORPORATE GOVERNANCE

FINANCIALS AND OTHER INFORMATION

Chairman's Letter



Dear Shareholders and other Stakeholders,

I would like to begin by saying what a privilege it is to have been appointed as Chairman of MTR Corporation Limited. Over the years, I have had the great pleasure of serving MTR in a variety of roles, and I look forward to continuing working closely with the Board and our senior management as we help navigate a challenging but exciting new era in Hong Kong's infrastructural development.

In October 2025, MTR commenced works on the Northern Link, a critical piece of railway infrastructure that will serve as the primary transport artery for the Northern Metropolis,

one of Hong Kong's most strategically important development areas. It will connect the East Rail Line and Tuen Ma Line, bringing different parts of the city much closer together and furthering integration while enhancing convenience for travellers from both sides of the boundary. Over the better part of almost five decades, the Company has worked hard to Keep Cities Moving with safe, efficient, low-carbon mass transit that anyone can access and enjoy. Now, with the signing of new project agreements and construction underway on many major Government initiatives, we are moving at full steam ahead on an exciting new phase of development. This is a significant responsibility that we take very seriously. It also requires considerable investment, which is why we were delighted to announce a trio of successful fundraising efforts in 2025 that significantly bolstered our financial position while demonstrating high confidence from the international and local investment communities in our ability to build Hong Kong's railway infrastructure of the future.

These major achievements, combined with another solid year of business results, illustrate the balance MTR strives to attain between meeting the Company's fiduciary duties and creating social and economic value for its beloved home city. In funding the continuous expansion of the network, we have been very successful to date at securing the funding needed for new lines by employing our "Rail plus Property" business model, through which we generate working capital by building thriving new communities linked to convenient railway hubs. With many new lines being built and more to come, and our HK\$65 billion asset maintenance, upgrade and replacement programme in full swing, raising adequate cash flow is a continuous challenge for the Company.

As a global leader in mass transit, we also aim to stay at the forefront of technology and sustainability in all our projects, investing heavily in research and development to spearhead rapid innovation. During the year, our MTR Lab continued to invest in promising local, Chinese Mainland and international tech ventures. We partnered with Government departments and other organisations on smart railway initiatives in fast-growing fields such as AI and data analytics. We are proudly taking part in Government's "Low-altitude Economy Regulatory Sandbox", studying and testing the use of drones for inspections in hard-to-access areas such as tunnels. We are also establishing "Digital Delivery Centres" to enhance construction management, work efficiency and safety.

The coming years will see a flurry of activity as we build a significantly expanded network of environmentally friendly mass transit that will catalyse economic growth for communities both existing and new. It is a very promising time, and we are excited to do our part to bring the Hong Kong of tomorrow to life. There are many challenges ahead, but we will tackle them with the utmost levels of professionalism, prudence and pragmatism while adhering closely to the principle of "Think Ahead, Stay Ahead". As our accomplishments of the past year indicate, we are well prepared to grasp the many opportunities that lie before us.

BUSINESS PERFORMANCE AND GROWTH

During the year, we made strong progress in our railway network expansion activities while continually improving our existing assets and infrastructure, always striving to "Go Beyond Boundaries" with high-quality design, construction and maintenance. Financially, we supported these efforts via successful fundraising ventures in the bond and securities markets, which included a US\$3 billion in senior unsecured bond in March, US\$3 billion in subordinated perpetual securities in June and the closing of a seven-year, HK\$30 billion syndicated green term loan facility in September as well as an AU\$2 billion senior unsecured green bond in January 2026. Moving forward, we will continue to utilise an innovative and diversified financial strategy while adhering to characteristic prudence as we seek additional ways to provide cash flow for our investment programme and secure sustainable, long-term growth for the Company and Hong Kong.

Our Corporate Strategy has served us well by laying out a clear and comprehensive roadmap for how we should conduct our business, especially in the areas of governance and sustainability. Over the years, we have moved from a centrally coordinated approach to one driven at the business unit level. Today, we have entered a new phase in our evolution, focusing on priority areas identified as critical to driving success and strengthening resilience, including but not limited to managing finances and cashflow, generating recurrent revenue in a constantly changing environment, achieving carbon neutrality, building the "next generation workforce" and more.

In July 2025, we signed the Northern Link (Part 1) Project Agreement with Government, which covers the financing and construction of parts of the Northern Link Main Line ("Main Line"), and commenced detailed planning and design for the Northern Link Spur Line ("Spur Line"). The Main Line will serve as the mass transportation backbone for the Northern Metropolis, while the Spur Line will

provide direct connectivity between Hong Kong and Shenzhen's Huanggang Port Area. We are working closely with Government to ensure that both of these lines are commissioned no later than 2034. Major construction works for various projects also continued in 2025, including the Tung Chung Line Extension, Oyster Bay Station, the Tuen Mun South Extension, Kwu Tung Station on the East Rail Line and Hung Shui Kiu Station on the Tuen Ma Line. We will also provide full support for the "Transport Strategy Blueprint" announced by Government in February 2026, and uphold professionalism and technical excellence to construct sustainable railway projects and maintain world-class railway services.

Our property business delivered another solid year of profits that will help further propel Hong Kong's future railway infrastructure development through the Rail plus Property model. During the year, we awarded the tender for the Tuen Mun A16 Station Package 1 property development, and other projects remain in progress. Meanwhile, pre-sale activities continued in fast-growing areas across the city.

In addition to serving their respective communities, our Chinese Mainland and international businesses form one of our key growth drivers by generating revenue for MTR through diversified activities and geographies outside of Hong Kong. On the Chinese Mainland, we celebrated the full-line openings of Shenzhen Metro Line 13 Phase 1 and Beijing Metro Line 17 in 2025, while in Australia, we participated in the opening of the new Metro Tunnel in Melbourne and the MTR-led consortium won the major Sydney Metro West contract for train supply, operations and maintenance. We also made positive progress in our Chinese Mainland station commercial business, building our network to more than 700 station shops across multiple cities. Meanwhile, we continue to explore opportunities in Belt and Road countries in regions such as the Middle East and Southeast Asia.

FINANCIAL PERFORMANCE

In 2025, profit attributable to equity shareholders from recurrent businesses decreased by 21.6% year on year to HK\$5,653 million. This was mainly due to an increase in depreciation as well as a one-off write-down of certain unamortised rental concession in our Hong Kong businesses, along with lower contributions from our Chinese Mainland businesses. Together with HK\$11,084 million in profit from property development – much of which will be deployed to future network expansion as well as asset maintenance and upgrade programmes – profit from underlying businesses increased to HK\$16,737 million. Including the loss arising from the fair value measurement of investment properties, net profit attributable to shareholders of the Company in 2025 was HK\$14,677 million, equating to earnings per share of HK\$2.36. In accordance with dividend policy, 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 (2024: HK\$1.31 per share).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

First, on behalf of everyone at MTR, I would like to extend our deepest sympathies to those who were affected by the tragic fire at Wang Fuk Court in Tai Po. We care about each and every one of our communities across Hong Kong, and we will continue to support the victims and their loved ones during these difficult times.

MTR's environmental, social and governance ("ESG") framework guides the Company's efforts to achieve sustainable, community-centric growth in three key areas: reducing Greenhouse Gas Emissions, promoting Social Inclusion, and fostering Advancement & Opportunities. Every year, we define our key performance indicators ("KPIs") according to 10 focus areas spread across these primary objectives. For 2025, we identified 45 such KPIs

and either met them or were on track to do so. We also strive to ensure that we operate our business to the highest possible standards of governance.

As a global leader in low-carbon transport, we are committed to achieving high environmental performance throughout our operations. Seventeen electric buses had been put into passenger service as at the end of 2025. We also advanced plans to install more solar photovoltaic systems at MTR premises. Throughout 2025, we continued to make progress towards our key strategic priorities of achieving our 2030 science-based carbon reduction targets and carbon neutrality by 2050.

Our long-running “More Time Reaching Community” volunteer programme celebrated its 20th anniversary in 2025 with special volunteering events and an awards presentation ceremony. During the year, 380 volunteering projects were organised, which involved a participating headcount of 5,608 volunteers and helped over 64,000 people. MTR is also dedicated to providing members of the community – especially youth and the disadvantaged – with opportunities to learn and build brighter futures. We continued our “EmpowerZ” youth placement pilot programme, which provides on-the-job training for youths from diverse ethnic backgrounds and/or those with disabilities. In 2025, the MTR “Ride to Success” scholarship programme offered 24 scholarships to undergraduates and MTR Academy students who are interested in the railway sector and exhibit a passion for community service. We also welcomed more than 2,000 secondary school students to the “Train’ for Life’s Journeys 2.0” programme, where participants receive training in valuable future skills.

Strong corporate governance lies at the heart of everything we do at MTR. We maintain a robust governance framework and regularly review our governance practices to ensure that we achieve our ESG goals, deliver on our corporate and fiduciary responsibilities, and operate both ethically and transparently. We also strive to attain high levels of diversity and inclusivity throughout our organisation.

ACKNOWLEDGEMENTS AND APPRECIATION

Being part of the MTR family for so many years has been a gratifying experience, and I am pleased to help guide this next phase of the Company’s development in my new capacity as Chairman of the Board. I would like to bid a fond farewell to my predecessor, Dr Rex Auyeung, who led MTR to new levels of corporate and operational excellence, even in the face of significant social and economic challenges. I would also like to congratulate Ms Jeny Yeung on her appointment as Chief Executive Officer, a role she assumed on 1 January 2026. Ms Yeung has served MTR in a variety of important positions since joining the Company in 1999, and I am confident she will be a success at the helm of our talented executive team. In addition, I welcome the appointment of Ms Susanna Shen as an Independent Non-Executive Director (“INED”) of the Board, effective 21 May 2025, and say farewell to Mr Walter Chan, who retired as an INED on 21 May 2025 after contributing years of valuable leadership.

I would like to emphasise once again how excited we are to be working on this landmark phase of Hong Kong’s infrastructural and economic development. MTR is highly regarded around the world for its operational excellence and financial strength, and we will strive as always to live up to our reputation as a global leader in mass transit – working closely with Government as well as our business partners, shareholders and the public to deliver world-class railway projects that Keep Cities Moving.



Dr Jacob Kam Chak-pui
Chairman

Hong Kong, 12 March 2026

CEO's Review and Outlook



Dear Shareholders and other Stakeholders,

It is an honour and a pleasure to report on MTR Corporation Limited in my new capacity as Chief Executive Officer. Building on the Company's strong expertise, we continue to enhance people's lives in the communities that we serve as we "Keep Cities Moving". In 2025, we recorded higher revenue from our Hong Kong railway services as well as profit from several property developments, which will contribute to our railway upkeep and network expansion programmes and support our funding requirements. We upheld world-class safety and reliability standards throughout our transport networks, ensuring the kind of dependability our communities expect. We also continued to "Go Smart Go Beyond" in technology and innovation,

applying cutting-edge solutions to areas including railway construction, safety and maintenance, customer experience, and sustainability, enhancing every aspect of our operations and better preparing our networks – and Hong Kong – for future growth.

Among publicly listed companies, MTR has a unique mandate to deliver social benefits along with shareholder value by providing safe, accessible and environmentally friendly mass transit services that Keep Cities Moving. We are also passionate about creating new connections that energise local economies. Therefore, it is exciting for us to be helping progress one of the largest railway expansions in the city's history, a comprehensive programme of new lines under the "Hong Kong Major Transport Infrastructure Development Blueprint" and "Transport Strategy Blueprint" that are designed to enhance local links and establish stronger ties with fast-growing Greater Bay Area cities. We are working hard to deliver these networks of tomorrow, leveraging more than almost five decades of experience and a track record of performance excellence in Hong Kong and other major cities around the world.

Having a larger, even more connected transportation network means bigger opportunities for Hong Kong, its residents and businesses. Of course, an undertaking of such scale requires considerable financial resources, too, and thus far we have committed HK\$140 billion towards its execution. Our Rail plus Property business model (“R+P Model”) – through which we generate profits from residential and commercial property developments located at or near railway sites to help fund the construction of future railway lines – is an important factor in our ability to derive funds for major projects. Recently, we have also been exploring other options to supplement our long-term sustainable financing strategy and ensure that we can turn Government’s infrastructural vision into reality. In March, June and September 2025, respectively, we successfully priced a US\$3 billion senior unsecured bond offering, issued US\$3 billion in subordinated perpetual securities – the largest-ever US dollar corporate subordinated perpetual securities issuance from Asia outside of Japan – and signed a HK\$30 billion, seven-year syndicated green term loan facility. In January 2026, we priced our inaugural senior unsecured green bond in the Australian market, which at a total size of AU\$2 billion is the largest ever Australian dollar corporate green bond. These transactions garnered strong interest from both local and international institutional investors, demonstrating the confidence that global markets have in MTR, the crucial role MTR plays in the development of Hong Kong’s infrastructure, and the Company’s reputation for prudent financial management and robust planning. They also show the level of commitment we have towards our home city and the considerable efforts we make to ensure that our networks can deliver on the aspirations of its people.

MTR and Hong Kong have grown together for decades, and we are delighted to be helping write another bright chapter in the city’s growth story. Backed by our wealth of experience in railway development, maintenance and operations, we are investing substantially in Hong Kong’s infrastructure to build an even better future for the city while also taking MTR and its business to new heights.

BUSINESS PERFORMANCE AND GROWTH

MTR’s number one imperative is to provide safe, efficient, accessible and affordable low-carbon mass railway transit. In 2025, we once again achieved 99.9% in train service delivery and passenger journeys on-time for our heavy rail network, underscoring our commitment to world-class performance. In March 2025, we announced there would be no fare adjustment in 2025/2026, in line with the Fare Adjustment Mechanism. The calculated fare adjustment rate of +1.45% will instead be rolled over to 2026/2027, and the total rate of +1.91% to be recouped in 2025/2026 will also be carried forward to 2026/2027. During the year, we continued to “Go Smart Go Beyond” by employing the latest innovations and technologies for even better customer experience and railway operations. Highlights included the continuation of our Automatic Fare Collection system upgrade programme for greater payment convenience and enhanced functionality and personalisation for the MTR Mobile app. We are proud to be participating in Government’s Low-altitude Economy Regulatory Sandbox, experimenting with the adoption of drones to assist in smart inspections of critical railway assets and promoting innovative ways to enhance maintenance efficiency. Also, the new signalling system will commence service on the Tsuen Wan Line in mid-March 2026, marking a key milestone in our network’s signalling replacement programme.

As at 31 December 2025, the Company had nine residential property developments in progress that will provide around 8,000 more units to the local housing market. In November 2025, we awarded the tender for Tuen Mun A16 Station Package 1. Meanwhile, pre-sale activities continued for a number of residential properties.

The year also saw us continue to make steady progress on a number of important railway expansion projects, including the Tung Chung Line Extension, Oyster Bay Station, the Tuen Mun South Extension, Kwu Tung Station on the East Rail Line, and Hung Shui Kiu Station on the Tuen Ma Line. In July, we signed the Northern

Link (Part 1) Project Agreement with Government for the financing and construction of parts of the Northern Link Main Line, which will serve as the main railway transport artery for the burgeoning Northern Metropolis. In December, we were invited by Government to commence detailed planning and design for the South Island Line (West) project. In these and other capital works projects, we always "Go Beyond Boundaries" by utilising innovative construction methods wherever necessary to avoid potential impacts on existing railway operations, neighbouring communities and surrounding environments.

One of MTR's growth pillars is built from its Chinese Mainland and international businesses. In December 2025, Beijing Metro Line 17 and Shenzhen Metro Line 13 Phase 1 both achieved full-line operation. These milestones were reached after the final sections – the middle section of Beijing Metro Line 17 and the northern section of Shenzhen Metro Line 13 Phase 1 – commenced passenger service in December 2025. We were also pleased to announce the expansion of station commercial business in Chengdu, Zhengzhou, Xi'an and Guangzhou during 2025, and we continue to explore similar opportunities in other key markets. In Australia, our consortium with a subsidiary of CRRC Corporation Limited, the Metro Trains West Consortium, was awarded the contract for train supply, operation and maintenance of the Sydney Metro West project in December 2025. In November, we also participated in the opening of the new 9-km Metro Tunnel in Melbourne, which provides a fast and convenient new railway connection through the heart of the city's central business district.

All of us at MTR care deeply about the communities we serve. In the wake of the deadly fire at Wang Fuk Court in Tai Po, we acted as quickly as possible to help those affected by the tragedy and offered comprehensive support measures for our staff whose lives have been impacted by the fire. We also pay our respects to the heroic rescue personnel who came to their aid.

FINANCIAL PERFORMANCE

During the year under review, net profit attributable to shareholders of the Company was HK\$14,677 million, representing earnings per share of HK\$2.36. Profit attributable to equity shareholders from recurrent businesses was HK\$5,653 million, impacted by an increase in depreciation, a one-off write-down of certain unamortised rental concessions in our Hong Kong businesses and lower contributions from our Chinese Mainland businesses. Since we are now in the harvesting stage of our earlier property development projects, property development profit increased to HK\$11,084 million in 2025. Under the R+P Model, much of the profits from property development will be applied towards the construction and maintenance of future and existing Hong Kong railway projects. As a result, profit attributable to shareholders from underlying businesses was HK\$16,737 million.

In accordance with dividend policy, 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 2024.

OUTLOOK

MTR has a strong track record of delivering solid performance for its shareholders and Hong Kong, in favourable and difficult operating conditions alike. While the macroeconomic situation remains challenging – particularly in relation to consumer behaviour and spending – the improving economic landscape and property sector suggest that we may begin to enjoy a somewhat healthier operating environment. Declining interest rates could also benefit the Company by driving down funding costs and mortgage rates.

Still, we have very considerable capital expenditures on the horizon, and a substantial portion of our earnings will be applied towards asset maintenance, upgrades and replacements as well as Hong Kong's extensive network

expansion programmes. There is no doubt that this poses considerable financial challenges. However, we are dedicated to managing these actively and effectively to deliver continued growth for MTR and Hong Kong.

As always, we will keep a close eye on geopolitical dynamics and inflation while seeking additional funding sources for capital works and maintaining fiscal prudence. Patronage levels and revenue from station retail rental, advertising and property rental will continue to be dictated largely by economic factors. Patronage may also be affected by aging demographics and evolving travel patterns, while changes in spending patterns among customers will likely continue to impact our station retail and property rental businesses.

Our property business has been generating satisfactory profits that will contribute to Hong Kong's future railway projects through the R+P Model. We expect to tender Kam Sheung Road Station Phase 2 and Tuen Mun A16 Station Package 2 in the coming 12 months or so, depending on market conditions. Subject to the progress of construction and sales, we also anticipate booking property development profit from LOHAS Park Package 13, THE SOUTHSIDE Package 6 and the Yau Tong Ventilation Building project while continuing to book profit from the Tai Wai Station project, THE SOUTHSIDE Package 5 and LOHAS Park Package 12. As always with this business, its performance and that of the wider property market will depend to some degree on prevailing economic conditions. It also remains to be seen how much the recent trend of falling interest rates will benefit unit sales.

MTR is committed to "Go Beyond Boundaries" in the design, planning, construction, maintenance and operations of railway projects. We are now firmly in the midst of an exciting new era of railway development for Hong Kong and are going at full steam ahead to deliver a world-class network of the future. While advancing the railway projects under the "Eight Vertical and Eight Horizontal Corridors" layout of the "Transport Strategy

Blueprint", we will also continue to support Government in building smart railways with innovative technology and providing thoughtful travel experiences for the public by participating in the "Transport Interchange Hub" initiative.

During the year under review, we took solid steps to diversify our revenue streams further by securing station commercial business opportunities in major Chinese Mainland cities. We also continue to explore growth opportunities that align with our Corporate Strategy in Chinese Mainland and overseas markets, particularly Belt and Road countries.

Finally, I would like to say that it is an honour to be appointed as Chief Executive Officer of MTR Corporation Limited, a role that Dr Jacob Kam filled with skill and professionalism for the better part of seven years, many of which were exceptionally challenging times for the Company and Hong Kong. I look forward to working with Dr Kam in his new role as Chairman of the Board. I would like to thank Dr Rex Auyeung for his exceptional leadership as Chairman, which has been invaluable to the Company. During his tenure with us, MTR achieved many successes, including the opening of new sections and lines and expansion of our businesses in Hong Kong, the Chinese Mainland and overseas. I would also like to welcome Mr Wilson Kwong, who was appointed as Hong Kong Transport Services Director effective 28 January 2026. In closing, I believe MTR and Hong Kong have a very bright future together, and I am excited to work with everyone in the months and years to come as we strive to Keep Cities Moving.



Jeny Yeung Mei-chun
Chief Executive Officer
Hong Kong, 12 March 2026



Hong Kong Transport Services Transport Operations

AIM

We strive to “Keep Cities Moving” with world-class rail transit services that are also green, accessible and affordable. Revenue generated from our transport operations contributes to the maintenance and expansion of the Company’s railway network.

CHALLENGES

Our extensive network expansion and asset maintenance programmes require significant capital resources as well as prudent financial practices. Meanwhile, patronage and retail operations remain subject to economic challenges, shifting demographics and changing travel trends.

STRATEGIES

Comprehensive marketing and promotional programmes are helping offset the dynamic and challenging operational environment. Meanwhile, we continue to implement our extensive asset management programmes and employ the latest technologies to improve our transport services.



1.9+ billion
Total Patronage



99.9%
Passenger Journeys On-time

STAKEHOLDER ENGAGEMENT

New smart mobility initiatives and elderly-friendly features are making travelling with MTR more accessible, convenient and inclusive than ever. We continue to upgrade our railway assets, such as our trains and signalling system, to enhance the customer experience. Regular customer surveys help us gauge feedback on service performance. As always, we provide fare concessions to a wide range of passengers to promote inclusivity.

OUTLOOK

Patronage and revenue for our Domestic Service, Cross-boundary Service and High Speed Rail (“HSR”) will continue to be determined largely by the strength of the local and global economies. Fare adjustment of Domestic and Cross-boundary services will be made in accordance with the Fare Adjustment Mechanism, with a view towards maintaining a healthy balance between public affordability, Hong Kong’s network expansion needs and our on-going maintenance programmes, which include train and signalling system replacement as well as numerous initiatives to improve passenger accessibility, convenience and comfort. We also remain committed to “Go Smart Go Beyond” by employing the latest technologies and innovations, ensuring that Hong Kong’s railway network remains among the world’s best and most advanced.

The Year in Review

Hong Kong Transport Services – Transport Operations

HONG KONG BUSINESSES

MTR's Hong Kong businesses are the cornerstone of its operations. They span across rail and bus transport services; commercial activities at stations, such as retail shop rentals and advertising sales; property development, rental and management; and the design

and construction of new railway lines. Through our "Rail plus Property" business model ("R+P Model"), we support the development of Hong Kong's existing and future transport infrastructure by channelling funds generated from MTR property developments towards important railway projects, contributing to the city's growth and prosperity while also delivering shareholder value.

HK\$ million	Year ended 31 December		Inc./Dec. %
	2025	2024	
Hong Kong Transport Operations			
Total Revenue	23,595	23,013	2.5
Operating Profit before Depreciation, Amortisation and Variable Annual Payment ("EBITDA")	7,904	7,694	2.7
(Loss)/Profit before Interest, Finance Charges, Taxation and after Variable Annual Payment ("EBIT")	(254)	(63)	(303.2)
EBITDA Margin (in %)	33.5%	33.4%	0.1% pt.
EBIT Margin (in %)	(1.1)%	(0.3)%	(0.8)% pt.

In 2025, total revenue from Hong Kong transport operations increased by 2.5% to HK\$23,595 million compared to the previous year, leading to an increase in EBITDA to HK\$7,904 million. Loss before interest,

finance charges and taxation and after the variable annual payment to Kowloon–Canton Railway Corporation ("KCRC") increased to HK\$254 million.

Patronage and Revenue

	Patronage In million		Revenue HK\$ million	
	2025	Inc./Dec. %	2025	Inc./Dec. %
Hong Kong Transport Operations				
Domestic Service	1,594.4	(0.5)	14,681	1.2
Cross-boundary Service	106.7	8.4	3,796	6.6
HSR and Intercity	31.1	16.3	3,461	3.7
Airport Express	13.3	1.3	854	6.4
Light Rail and Bus	213.0	(0.2)	712	2.0
	1,958.5	0.3	23,504	2.6
Others			91	(13.3)
Total			23,595	2.5

MTR's rail and bus passenger services recorded 1,958.5 million passengers in 2025, a year-on-year increase of 0.3%. Average weekday patronage increased by 1.3% to 5.71 million.

Total Domestic Service patronage was 1,594.4 million in 2025, a slight drop of 0.5% compared to the previous year. Average weekday Domestic Service patronage increased by 0.6% to 4.71 million. Patronage for Cross-boundary Service to Lo Wu and Lok Ma Chau was 106.7 million, an increase of 8.4% from last year, which was mainly due to more northbound travel by Hong Kong residents.

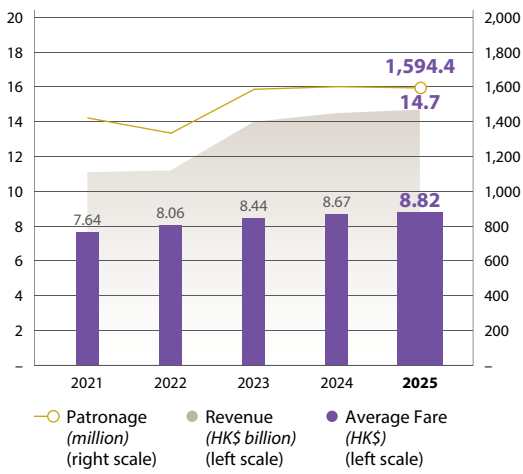
Patronage for HSR rose by 16.3% to 31.1 million on the back of network capacity and destination expansion. Airport Express patronage increased to 13.3 million, 1.3% more than 2024.

Market Share

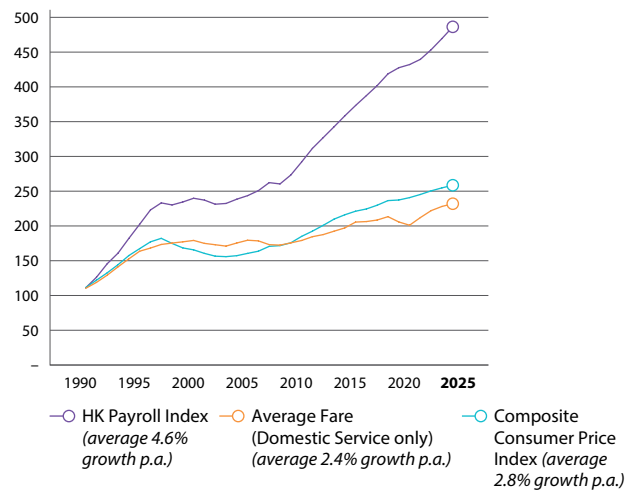
In 2025, our overall share of the franchised public transport market in Hong Kong was 50.2%, a slight increase of 0.1 percentage point over 2024. Our share of cross-harbour traffic was 72.9% compared with 72.4% in 2024.



Domestic Service – Patronage and Average Fare



Fare Trend

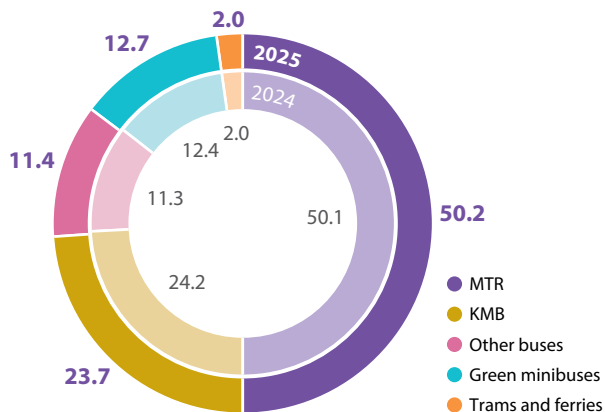


The Year in Review

Hong Kong Transport Services – Transport Operations

Market Shares of Major Transport Operators in Hong Kong

(Percentage)



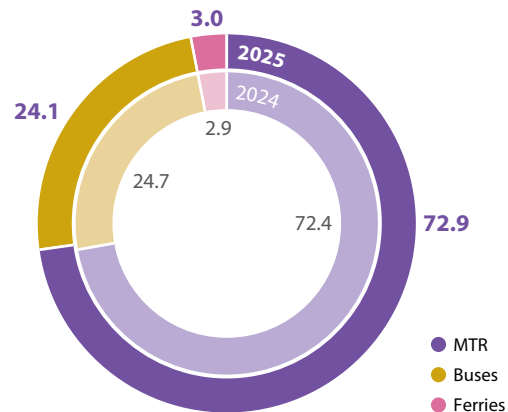
Our share of the cross-boundary transport business in 2025 decreased to 49.0% from 50.4%, which was mainly due to the addition of more road-based control points and resultant higher traffic. Our market share to and from the airport decreased to 17.5% from 18.1%, primarily because of keen competition from other modes of transport.

Fare Adjustment, Promotions and Concessions

In accordance with the Fare Adjustment Mechanism ("FAM"), there was no fare adjustment for 2025/2026, as the calculated fare adjustment rate of +1.45% fell within the $\pm 1.5\%$ range and will instead be rolled over to 2026/2027. The total rate of +1.91% to be recouped in 2025/2026 will also be carried forward to 2026/2027. This reflects the design of the FAM to balance public affordability with the Company's need to generate recurrent revenue for the maintenance and upgrading of existing railway systems. In 2025, we continued to offer several on-going fare concessions totalling approximately HK\$3.2 billion for passengers from all walks of life, including the elderly, children, eligible students, persons with disabilities and others. We also continued to offer the City Saver and HK\$0.5 interchange discount with Green Minibus and extended the Monthly Passes and Early Bird Discount for another year. In June, we announced an average overall fare adjustment of +9.24% for Airport Express – the line's first fare adjustment since 2017 – as well as fare promotions for various passenger groups.

Market Shares of Major Transport Operators Crossing the Harbour

(Percentage)



Service Performance

In 2025, MTR achieved 99.9% in passenger journeys on-time and train service delivery for its heavy rail network, exceeding the targets in MTR's Operating Agreement and the Company's own, even more demanding Customer Service Pledges.

In 2025, we made over 1.85 million train trips on our heavy rail network and over 0.9 million trips on our light rail network. There were nine delays on the heavy rail network and none on the light rail network. Delays are regarded as those lasting 31 minutes or more and attributable to factors within the Company's control. When incidents occur, they are carefully reviewed and addressed to prevent recurrence.

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

Service Quality Index	2025	2024
Domestic and Cross-boundary services	74	72
Airport Express	82	82
Light Rail	73	71
Bus	76	77
HSR	85	82

Fare Index	2025	2024
Domestic and Cross-boundary services	64	63
Airport Express	76	74
Light Rail	72	71
Bus	73	76
HSR	79	76

Operations Performance in 2025

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%	99.9%
– Tung Chung Line, Disneyland Resort Line and Airport Express	99.0%	99.5%	99.9%
– East Rail Line	99.0%	99.5%	99.8%
– 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	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%	99.8%
– Kwun Tong Line, Tsuen Wan Line and Tseung Kwan O Line	98.5%	99.0%	99.8%
– 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%
– 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	4,822,007
– East Rail Line and Tuen Ma Line	N/A	1,000,000	8,085,886
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	50,577
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%	99.8%
– 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 26°C	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 27°C for platforms and 29°C for station concourses, except on very hot days	N/A	94.0%	99.9%
Cleanliness			
– Train compartment: cleaned daily	N/A	99.0%	100%
– 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%	99.9%
– Cleanliness: washed daily	N/A	99.0%	100%
Passenger enquiry response time within six working days	N/A	99.0%	100%

The Year in Review

Hong Kong Transport Services – Transport Operations

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 2024 COMET benchmarking assessed data from 47 metro systems in 44 cities around the world. Extracted results can be found in the “Performance Metrics” section of our sustainability website.

Safety Performance

MTR is committed to maintaining world-class safety standards for its passengers and staff. As at 31 December 2025, the number of reportable events decreased by 16% and 13% on our heavy rail and light rail networks, respectively. We continued to focus our efforts on escalator safety, platform gap awareness and developing a culture of railway safety, particularly among youth and the elderly.

Enhancing the Customer Experience

We strive to “Go Smart Go Beyond” in all facets of our railway network, employing the latest innovations to ensure safe, sustainable public transport that is also accessible, efficient and enjoyable to ride. During the year, we continued to identify, develop and adopt cutting-edge technology in areas including but not limited to customer convenience and experience as well as railway operations and maintenance.

Boosting Passenger Convenience

As at January 2026, the expanded HSR network enabled passengers to enjoy direct travel between Hong Kong and 110 Chinese Mainland destinations. In 2025, we introduced flexible tickets and multi-ride tickets for frequent HSR passengers. In September, we fully implemented the “Cat/Dog Carrying Scheme” on Light Rail that had been in trials since May, allowing passengers to travel with their pet cats and dogs on weekends and public holidays.

Upgrade of Automatic Fare Collection System

As at 31 December 2025, 2,013 new or retrofitted Automatic Fare Collection gates had been installed as

part of our HK\$1.3 billion Automatic Fare Collection System replacement programme. Gate replacement work has now been completed at 52 stations. These new gates support more e-payment options for greater passenger and tourist convenience.

New Trains

Our programme to replace existing trains with newer, more comfortable Q-trains continued in 2025. All 28 new SACEM trains are now in use on the Kwun Tong and Island lines. The first Q-train for the Tung Chung Line has been received and is now under testing and commissioning at Siu Ho Wan depot, while new Disneyland Resort Line trains are in the design stage and are expected to be brought into operation in 2028. Testing and commissioning of new communication-based train control signalling system (“CBTC System”) Q-trains is underway on the Tsuen Wan Line. We have also commenced the manufacturing stage for new trains on the Tuen Mun South Extension.

Replacement of Signalling System

Our programme to replace the existing SACEM signalling system along the Tsuen Wan, Island, Kwun Tong and Tseung Kwan O lines with the new CBTC System also continued during the year. This programme is designed to replace long-serving assets and potentially enhance capacity to fulfil our long-term operational needs. Non-traffic-hour testing continued on the Tsuen Wan Line in 2025, and the new signalling system will commence service in mid-March 2026 followed by implementation on the Island, Kwun Tong and Tsuen Kwan O lines. Overall project completion is expected around 2029.

Replacement of Power Distribution Systems

The power system replacement project to improve equipment performance and enhance the system reliability of power supply for train services and station operations is in progress. It covers the systems along the Kwun Tong, Tsuen Wan, Island and Tseung Kwan O lines. This project will be completed gradually over the next decade.

Replacement of Air Conditioning Systems

Batches 1 and 2 of our chiller replacement programme have now been completed, with 162 new chillers installed. We have confirmed works for batch 3, which involves the replacement of 22 more chillers at 10 stations between 2025 and 2028. This initiative to replace old chillers with newer, more energy-efficient models will provide additional comfort in stations for passengers while also reducing our carbon emissions.

Enhancing Station Facilities

Our programme to install Automatic Platform Gates (“APGs”) along the East Rail Line was completed in May 2025, approximately six months ahead of schedule. This project involved the installation of approximately 1,600 pairs of APGs across 35 platforms at 13 stations and is expected to ensure an even greater level of passenger safety. As at 31 December 2025, 20 escalators and 16 passenger lifts had been replaced as part of an extensive upgrade programme. We are also refurbishing more than 100 escalators between 2025 and 2028.

Smart Mobility, Operations and Maintenance

We also strive to “Go Smart Go Beyond” every day to ensure delivery of leading-edge, user-friendly customer experiences. The year saw the Company introduce innovative new ticketing products including e-City Saver, a function now available on the MTR Mobile app that benefits frequent medium- to long-distance passengers by allowing them to use e-tickets for easier travel, and “Companion Tickets” offered via WeChatPay, which enable more convenient travel for families with children and seniors by reducing the need for each member to have a single-journey ticket. We also expanded the AI-powered Virtual Service Ambassador AI Tracy to nine stations. This self-service channel offers customer convenience by providing instant, personalised support for wayfinding, station facilities and local attractions.

In smart railway operations, we are excited to be taking part in Government’s “Low-altitude Economy Regulatory Sandbox” by partnering with Traffic Control Technology (Hong Kong) Company Limited to test drones in the East Rail Line tunnel. These trials are designed to assess drone technology’s potential to conduct inspections of critical railway assets in “beyond-visual-line-of-sight” scenarios and further enhance railway maintenance efficiency. In 2025, we also introduced a “Passenger Alarm Device” (“PAD”) app for precise status information and quick handling of PAD calls as well as a “Tree Intrusion Monitoring System” that uses LiDAR and AI analytics to enhance preventive tree management in Light Rail. Another initiative was the application and progressive launch of AI-powered CCTV video analytic technology at certain Tuen Ma Line, Tung Chung Line and Disneyland Resort Line entry gates to detect passengers with large items that exceed the luggage size allowance and enable operators to respond in a timely fashion and ensure passenger safety.



Hong Kong Transport Services Station Commercial Businesses



1,591
Station Shops Covering
71,470 Square Metres



42,686
Advertising Units

AIM

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

CHALLENGES

Our station commercial businesses remain affected by changing consumer habits and travel patterns as well as low overall consumer sentiment. Our advertising business continues to face headwinds due to economic uncertainties that are resulting in smaller advertiser budgets. Meanwhile, customers are increasingly demanding faster connections and broader coverage from the telecommunication systems across our network.

STRATEGIES

Data analytics play an important role in enhancing the customer experience and boosting revenue by facilitating data-driven marketing campaigns designed to stimulate station shop and advertising business. Promotions delivered via the MTR Mobile app and MTR Points loyalty programme continue to drive foot traffic and sales. Elsewhere, we are monitoring and adjusting our tenant mix as required to ensure our retail offerings are on-trend. We are launching competitive packages and tailored marketing solutions to help advertisers reach their customers. Progress is also continuing on a new telecom network that will enable faster mobile communications and expanded 5G services.

STAKEHOLDER ENGAGEMENT

We regularly solicit actionable feedback from customers by collecting input for service enhancement through a variety of channels. Leveraging data analytics, we are also delivering more personalised information and promotional content to our customers. Flexible and/or shorter-term leases for station shops are being offered to build tenant relationships. To support our community, we also continue to lease station shops to NGOs at nominal rents and offer free advertising space to NGOs.

OUTLOOK

We expect the operating environments for our station retail and advertising businesses to remain challenging as the industry continues to adjust to the post-pandemic new normal. Retail rentals have improved slightly due to better performance from our Duty Free business – a result of higher cross-boundary traffic – though advertising remains dependent on economic conditions and consumer sentiment.

Improving rental value is a priority, though we will remain sensitive to tenants' challenges as the local retail industry recovers. We will keep reviewing our retail offerings to ensure they are in line with customer demand. MTR Mobile app promotions, the MTR Points loyalty programme and the data analytics technologies fuelling them will continue to play key roles in driving footfall to our station shops. Meanwhile, our 5G mobile network upgrades will continue across our network as we strive to deliver faster, smoother service for passengers, an improved travel experience, and enhanced advertising capabilities.

The Year in Review

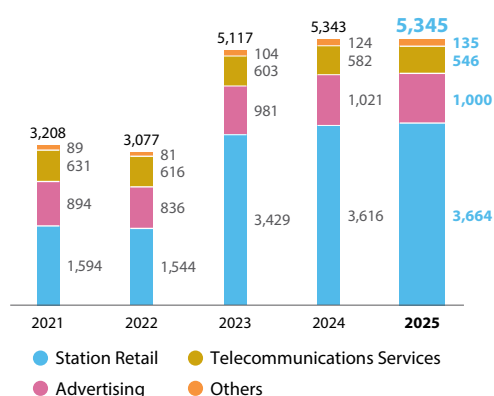
Hong Kong Transport Services – Station Commercial Businesses

HK\$ million	Year ended 31 December		Inc./.(Dec.) %
	2025	2024	
Hong Kong Station Commercial Businesses			
Station Retail Rental Revenue	3,664	3,616	1.3
Advertising Revenue	1,000	1,021	(2.1)
Telecommunication Income	546	582	(6.2)
Other Station Commercial Income	135	124	8.9
Total Revenue	5,345	5,343	0.0
EBITDA	4,584	4,658	(1.6)
EBIT	3,660	3,773	(3.0)
EBITDA Margin (in %)	85.8%	87.2%	(1.4)% pts.
EBIT Margin (in %)	68.5%	70.6%	(2.1)% pts.

In 2025, total revenue from all Hong Kong station commercial activities was HK\$5,345 million, similar to 2024. This was primarily the result of improved rental revenue from the station retail business, which was offset by reductions in advertising and telecommunications revenue due to challenging market conditions. However, with higher operating costs, EBIT decreased by 3.0% to HK\$3,660 million in 2025.

Revenue from Hong Kong Station Commercial Businesses

(HK\$ million)



Station Retail

Station retail rental revenue increased by 1.3% to HK\$3,664 million in 2025, mainly as a result of higher rentals from Duty Free shops, which was partly offset by negative rental reversions at station kiosks. Rental reversion and average occupancy rates for our station kiosks in 2025 were -8.5% and 98.8%, respectively.

We frequently review our tenant mix to ensure that our retail offerings reflect current trends and appeal to a wide range of customers. Attractive MTR Mobile app and MTR Points offers, eye-catching advertising campaigns, and special joint promotions have been effective in bringing traffic to station shops despite a challenging market.

As at 31 December 2025, the lease expiry profile of our station kiosks (including Duty Free shops) by area occupied was such that approximately 35% will expire in 2026, 42% in 2027, 21% in 2028, and 2% in 2029 and beyond.

In terms of trade mix, food and beverage accounted for approximately 40% of the leased area of our station kiosks (excluding Duty Free shops), followed by cake shops at 13%, convenience stores at 12%, passenger services at 12% and others at 23% as at 31 December 2025.

As at 31 December 2025, there were 1,591 station shops occupying 71,470 square metres of retail space, representing net increases of 12 shops and 234 square metres. There were 16 shops being let at nominal rates under our “NGO & Social Enterprise Support Programme”.

Advertising

In 2025, revenue from advertising decreased only slightly, by 2.1% to HK\$1,000 million, in spite of a relatively weak market. Economic uncertainties, weak retail sentiment, and shifting consumption patterns among both residents and visitors all negatively impacted the local media market.

As at 31 December 2025, the number of advertising units in MTR stations and trains had increased to 42,686. We also provided free advertising space to 63 non-profit organisations. During the year, we continued to expand our digital network, modernise our products and solutions, and enhance our programmatic advertising capabilities to counter market challenges and unlock

new growth opportunities. A highlight was the launch of the “5G Summer Thrill” advertising campaign, featuring immersive interactive livestreaming and themed experiences at MTR stations that leverage 5G Golden Spectrum’s low-latency and high network capacity to connect advertisers and passengers seamlessly. This breakthrough 5G-powered solution, together with audience-targeting and data initiatives, will be further developed to capture new revenue opportunities.

Telecommunications

In 2025, revenue from telecommunications decreased by 6.2% to HK\$546 million, which was mainly due to lower income from common systems. Fourteen stations now support the new 5G “Golden Spectrum”, which offers high capacity and data speed and a significantly improved mobile service experience for passengers. Meanwhile, revenue for our data centre in Tseung Kwan O has been recording steady growth, and we continue to explore further opportunities for this business.





Hong Kong Property Businesses

AIM

We strive to develop, manage and lease high-quality residential and commercial projects built around railway transport nodes, creating vibrant communities while delivering shareholder value and contributing to the future infrastructure of Hong Kong.

CHALLENGES

Developers continue to face uncertainties in the local economy and real estate market. Mall traffic and spending remain impacted by low consumer confidence, a soft retail market, and changing travel and purchasing habits, creating pressure on rental reversions.

STRATEGIES

We are regularly launching attractive marketing and promotional campaigns to offset shifting consumer patterns, drive footfall and boost sales. We also constantly review our tenant mixes to ensure that MTR Mall offerings reflect current retail trends. Existing and future railway hubs are providing us with opportunities to explore new property developments that can help meet Hong Kong's housing market needs as well as the expectations of our shareholders. As always, we strive to deliver quality management and sustainable operations throughout our property management business.



9 Projects to Supply
Approximately
8,000
Residential Units to
the Market



16
Shopping Malls in
Our Portfolio

STAKEHOLDER ENGAGEMENT

Advanced data analysis has enabled us to create curated shopping experiences for customers based on their personal habits and preferences. We actively listen to customer feedback and assess our mall tenant portfolios according to the latest shopping trends. In property development and tendering, we formulate our strategies in close alignment with current market trends to ensure that they can deliver on the needs of Hong Kong's housing market and economy.

OUTLOOK

Hong Kong's retail market is still adjusting to the post-pandemic new normal of changing consumer and travel patterns, both among locals and visitors from the Chinese Mainland. In this uncertain environment, our growing capabilities in digital marketing – including promotional campaigns issued through our popular MTR Mobile app and spending offers available via the MTR Points loyalty

programme – will continue to help us drive traffic and sales at our malls. We will also keep working closely with tenants and business partners on special events and seasonal promotions while ensuring that our tenant portfolios remain attractive to the growing populations surrounding our malls.

It remains to be seen how declining interest rate trends will impact the residential and commercial real estate sectors in the longer term. In the meantime, the performance of our property business will largely depend on the health of the global and Hong Kong economies. We expect to tender Kam Sheung Road Station Phase 2 and Tuen Mun A16 Station Package 2 in the coming 12 months or so, depending on market conditions. Subject to the progress of construction and sales, we also expect to book property development profit from LOHAS Park Package 13, THE SOUTHSIDE Package 6 and the Yau Tong Ventilation Building project and to continue booking profit from the Tai Wai Station project, THE SOUTHSIDE Package 5 and LOHAS Park Package 12.

The Year in Review

Hong Kong Property Businesses



Property Rental and Management

HK\$ million	Year ended 31 December		Inc./(Dec.) %
	2025	2024	
Hong Kong Property Rental and Management Businesses			
Revenue from Property Rental	4,736	5,076	(6.7)
Revenue from Property Management	331	303	9.2
Total Revenue	5,067	5,379	(5.8)
EBITDA	3,855	4,195	(8.1)
EBIT	3,821	4,169	(8.3)
EBITDA Margin (in %)	76.1%	78.0%	(1.9)% pts.
EBIT Margin (in %)	75.4%	77.5%	(2.1)% pts.

Property Rental

In 2025, property rental revenue decreased by 6.7% year on year to HK\$4,736 million, mainly due to the negative effects on rental reversions from shifting consumption patterns by customers and the one-off write-down of unamortised rental concessions previously provided to cinemas in view of the challenges faced by the industry.

During the year, we continued to launch promotional activities and a variety of marketing campaigns through the MTR Mobile app and MTR Points loyalty programme to drive mall traffic and sales.

Due to the on-going challenges of the retail market, MTR Malls in Hong Kong recorded a rental reversion rate of -9.5%. The average occupancy rate was 100%. The average occupancy rate for the Company's 18 floors in Two International Finance Centre was 98%.

As at 31 December 2025, the lease expiry profile of our shopping malls by area occupied was such that approximately 35% will expire in 2026, 32% in 2027, 18% in 2028, and 15% in 2029 and beyond.

In terms of trade mix, as at 31 December 2025 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 19%, and department stores and supermarkets at 9%.

As at the end of 2025, the Company's attributable share of investment properties in Hong Kong was 315,882 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.

Investment Property Portfolio in Hong Kong (as at 31 December 2025)

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	18,142 –	– 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	28,613 920 – –	– – 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	45,510 –	– 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%
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 Year in Review

Hong Kong Property Businesses

Investment Property Portfolio in Hong Kong (as at 31 December 2025) (continued)

Location	Type	Lettable floor area (sq. m)	No. of parking spaces	Company's economic interest
The LOHAS, Tseung Kwan O	Shopping Centre	27,804	–	100%
	Kindergarten	1,141	–	100%
	Car Park	–	333	100%
	Motorcycle Park	–	33	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	729	–	100%
	Car Park	–	103	100%
The Wai, 18 Che Kung Miu Road, Tai Wai	Shopping Centre	33,325	–	100%
	Car Park	–	390	100%
	Motorcycle Park	–	39	100%
THE SOUTHSIDE, Wong Chuk Hang	Shopping Centre	25,944	–	100%
	Car Park	–	235	100%
	Motorcycle Park	–	12	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

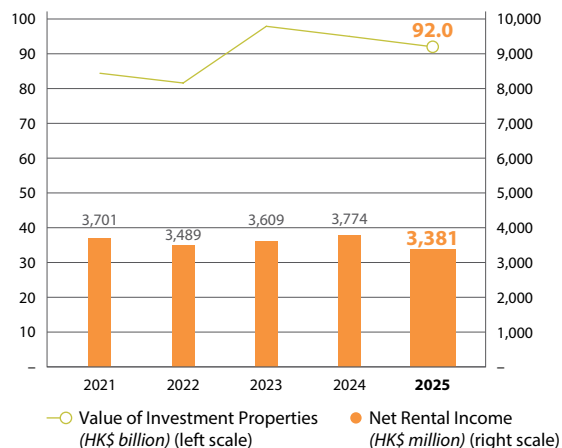
Properties Held for Sale (as at 31 December 2025)

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	6,026*	–	40%
	Car Park	–	330	40%
Bank of China Centre, No. 11 Hoi Fai Road, Kowloon	Car Park	–	117	40%
The Arch, No. 1 Austin Road West, Kowloon	Residential	–	–	1%
	Car Park	–	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	700**	–	20.1%
	Car Park	–	95	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	4,667**	–	20%
	Car Park	–	41	20%
SEASONS PLACE, PARK SEASONS and GRAND SEASONS, LOHAS Park, Tseung Kwan O	Residential	8,469**	–	70%
	Car Park	–	251	70%
	Motorcycle Park	–	27	70%
SOUTHLAND, THE SOUTHSIDE, Wong Chuk Hang	Residential	1,745**	–	35%
	Car Park	–	56	35%
	Motorcycle Park	–	4	35%
La Marina, THE SOUTHSIDE, Wong Chuk Hang	Residential	2,270**	–	30%
	Car Park	–	26	30%
	Motorcycle Park	–	–	30%
The Palazzo, No. 28 Lok King Street, Shatin	Retail	2,000	–	55%
	Car Park	–	9	55%
	Motorcycle Park	–	5	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	753**	–	68.3%
	Car Park	–	85	68.3%
	Motorcycle Park	–	15	68.3%
THE PAVILIA FARM II, No. 18 Che Kung Miu Road, Shatin	Residential	648**	–	68.3%
	Car Park	–	206	68.3%
	Motorcycle Park	–	24	68.3%
YOHO WEST, No. 1 Tin Yan Road, Tin Shui Wai	Residential	3,440**	–	10%
	Shopping Centre	70*	–	10%
	Car Park	–	164	10%
	Motorcycle Park	–	9	10%

* Lettable floor area

** Saleable area

Investment Properties in Hong Kong



Property Management

Property management revenue in Hong Kong increased by 9.2% to HK\$331 million year on year. As at 31 December 2025, MTR managed more than 128,000 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 2025 was HK\$11,066 million, mainly derived from profit recognition from LOHAS Park Package 12, Ho Man Tin Station packages 1 and 2, and THE SOUTHSIDE packages 3 and 5.

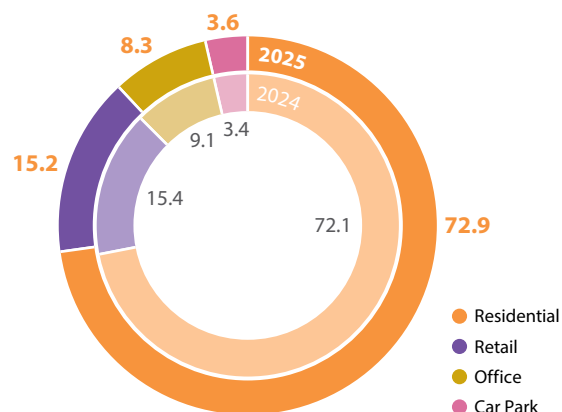
Pre-sales and Sales Activities

Several pre-sale activities took place in 2025. For Ho Man Tin Station packages, ONMANTIN and IN ONE were 72% and 82% sold, respectively, as at 31 December 2025. Located at Tai Wai Station, THE PAVILIA FARM I and THE PAVILIA FARM II were 99% sold as at 31 December 2025.

For LOHAS Park Package 12, pre-sales for GRAND SEASONS launched in January; together with SEASONS PLACE and PARK SEASONS, these properties were 90% sold as at 31 December 2025. Villa Garda I, II and III (LOHAS Park Package 11) were 97% sold as at year-end.

Distribution of Hong Kong Property Management Income

(Percentage)



At THE SOUTHSIDE, we launched pre-sales for Deep Water Pavilia & Deep Water Pavilia II (Package 5 phases 5A and 5B) in May and July 2025, respectively, and these were 86% sold as at 31 December 2025. Pre-sales continued for Blue Coast and Blue Coast II (Package 3 phases 3B and 3C) and were 91% sold as at 31 December 2025. SOUTHLAND (Package 1), La Marina (Package 2) and LA MONTAGNE (Package 4 Phase 4A) were 98%, 97% and 79% sold, respectively, as at the end of the year.

Pre-sales for YOHO WEST PARKSIDE (Tin Wing Stop Phase 2) launched in February 2025 and were 97% sold as at 31 December 2025. YOHO WEST (Tin Wing Stop Phase 1) was also 97% sold as at year-end. Pre-sales for ONE PARK PLACE (Yau Tong Ventilation Building) launched in November 2025 and were 38% sold as at year-end. Additionally, we have obtained pre-sale consent for THE SOUTHSIDE Package 6.

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), where 98% of units were sold as at 31 December 2025. At The YOHO Hub and The YOHO Hub II (Yuen Long Station), 66% of units were sold as at year-end. GRAND MAYFAIR I and II (Kam Sheung Road Station Package 1) were 97% sold as at 31 December 2025, while pre-sales for GRAND MAYFAIR III launched in October 2025 and were 44% sold as at year-end.

The Year in Review

Hong Kong Property Businesses

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	Completed in 2025
IN ONE	Chinachem Group	Residential	59,400	October 2018	Completed by phases in 2024 and 2025
LOHAS Park Station					
SEASONS PLACE/ PARK SEASONS/ GRAND SEASONS	Wheelock and Company Limited	Residential	89,290	February 2020	Completed in 2025
LA MIRABELLE	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	By phases from 2022 to 2026
		Retail	60,620*		Completed in 2022
Tin Wing Stop					
YOHO WEST	Sun Hung Kai Properties Limited	Residential Retail	91,051 205	February 2015	Completed in 2025
Wong Chuk Hang Station (THE SOUTHSIDE)					
Blue Coast/Blue Coast II	CK Asset Holdings Limited	Residential	92,900	August 2018	Completed in 2025
		Retail	47,000		Completed in 2023
Deep Water Pavilia/ Deep Water Pavilia II	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
DEEP WATER SOUTH	Wheelock Properties Limited	Residential	46,800	April 2021	2026
Yau Tong Ventilation Building					
ONE PARK PLACE	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
Tuen Mun A16 Station					
Package 1	Sun Hung Kai Properties Limited	Residential	55,847	November 2025	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 2026

[#] 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	Mixed-use Development	860,500	To be confirmed	To be confirmed
Tung Chung East Station	Mixed-use Development	598,400	To be confirmed	To be confirmed
Tuen Mun A16 Station	Mixed-use Development	341,900	2026 – 2027	2033 – 2037
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
Kam Sheung Road Station Phase 2 ⁽²⁾	Mixed-use Development		2026	To be confirmed
Fanling North ⁽²⁾	Mixed-use Development	1,221,900	To be confirmed	To be confirmed
Kwu Tung North ⁽²⁾	Residential		To be confirmed	To be confirmed
San Tin Station ⁽²⁾	Mixed-use Development		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 – 2026
	28.12		
Property Development Packages to be Awarded			
Pat Heung Maintenance Centre	About 23.56	Under review	Under review
	23.56		
Total	51.68		

Property Tendering

In November 2025, we awarded Tuen Mun A16 Station Package 1 to the subsidiary of Sun Hung Kai Properties Limited. We expect to tender Kam Sheung Road Station Phase 2 and Tuen Mun A16 Station Package 2 in the coming 12 months or so, depending on market conditions. Elsewhere, we are regularly monitoring market conditions closely and reviewing our tendering programme accordingly.

Expanding the Property Portfolio

As at 31 December 2025, we had nine residential property projects that are expected to deliver approximately 8,000 more housing units to the market in the coming

years. Current development sites for Hong Kong railway expansion projects include Oyster Bay Station, the Tung Chung East Station site on the Tung Chung Line Extension, the A16 Station site on the Tuen Mun South Extension, Kwu Tung Station on the East Rail Line, Hung Shui Kiu Station on the Tuen Ma Line and sites related to the Northern Link project. We continue to explore the development potential of other sites along our existing and future railway lines, including studies on developing the waterfront and former pier sites located to the south of Hung Hom Station into a new harbourfront landmark as well as developing the new Pak Shek Kok Station and its vicinity. The Au Tau land use review study, which aims to optimise development potential around Au Tau Station, is in progress.

Hong Kong Network Expansion



Continued to progress

Tung Chung Line Extension, Oyster Bay Station, Tuen Mun South Extension, Kwu Tung Station on the East Rail Line and Hung Shui Kiu Station on the Tuen Ma Line



Signed the Project Agreement for Northern Link (Part 1)



AIM

We seek to design and build advanced railway infrastructure that creates mutually beneficial economic opportunities for Hong Kong and MTR, bolstering our “Hong Kong Core” growth pillar while providing value for residents and shareholders through future community development.

CHALLENGES

Major projects supporting Hong Kong’s next phase of railway development – including those under the “Hong Kong Major Transport Infrastructure Development Blueprint” and “Transport Strategy Blueprint” – require extensive planning and development as well as robust financial strength. Construction challenges include building new extensions and stations on already-operating lines, carrying out works at night during non-traffic hours, and ensuring minimal disruptions to nearby neighbourhoods and ecosystems.

STRATEGIES

In all our network development efforts, we “Go Beyond Boundaries” by adopting the latest innovations and technologies in railway design, construction and management. We also fully explore all available financing options to ensure that projects are adequately and sustainably funded.

STAKEHOLDER ENGAGEMENT

We communicate regularly with Government on the implementation of current and future infrastructure development projects, supporting its policy to use railways as the backbone of Hong Kong’s public transportation system. This includes close liaison with relevant Government bureaux and other stakeholders. Our outreach efforts also comprise active engagement with local community residents and their district representatives.

OUTLOOK







We will continue to advance major initiatives for the Tung Chung Line Extension, Oyster Bay Station, the Tuen Mun South Extension, Kwu Tung Station on the East Rail Line and Hung Shui Kiu Station on the Tuen Ma Line with characteristic professionalism and project excellence. Following the signing of the Northern Link (Part 1) Project Agreement, we are excited to begin railway infrastructure development for the Northern Metropolis, a key economic driver of the future for Hong Kong. These and other projects will be funded by our “Rail plus Property” business model (“R+P Model”), which enables us to develop cost-efficient infrastructure and bustling new communities for Hong Kong. In addition, we will ensure the financial sustainability of future MTR railway development by exploring a range of financing approaches.

The Year in Review

Hong Kong Network Expansion

During the year, MTR continued working hard on a number of important new projects that will efficiently connect communities across Hong Kong with safe, green and accessible railways, contribute to the city's future economic growth, and provide mutually beneficial opportunities. We "Go Beyond Boundaries" in every facet of design, construction and operations, employing

rigorous planning and innovative technologies and methods to deliver high-quality infrastructure with minimal service disruption or impact on surrounding neighbourhoods and environments. Through such efforts, MTR is playing an active role in Hong Kong's sustainable, long-term development.

	Number of Stations	Route Length (km)	Project Funding	Construction Commencement Year	Targeted Completion Year
 Tung Chung Line Extension	2 (Tung Chung East and Tung Chung West stations)	About 2.5 km	Rail plus Property	2023	2029
 Oyster Bay Station	1	–	Rail plus Property	2023	2030
 Tuen Mun South Extension	2 (A16 and Tuen Mun South stations)	About 2.4 km	Rail plus Property	2023	2030
 Kwu Tung Station on the East Rail Line	1	–	Rail plus Property	2023	2027
 Hung Shui Kiu Station on the Tuen Ma Line	1	–	Rail plus Property	2024	2030
 Northern Link	8 (Kam Sheung Road, Au Tau, Ngau Tam Mei, San Tin, Kwu Tung, Chau Tau, The Loop and Huanggang Port stations)	About 17 km	Part 1: Rail plus Property	2025	No later than 2034

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 Tung Chung, enhance connectivity in Lantau North, and support sustainable long-term population and economic growth. This project includes

the construction of two new stations (Tung Chung East Station and Tung Chung West Station) and about 2.5 km of new railway section. In October 2025, our construction team achieved breakthrough on the up-track tunnel between Tung Chung Station and the future Tung Chung West Station using the tunnel boring machine "Xihe" and has since commenced down-track tunnel construction. Construction of both stations is also in progress. Civil works are substantially completed at Tung Chung East Station, and electrical and mechanical installation works



are commencing progressively. This project is being funded by the financial contribution from the R+P Model and the Company's internal resources. Completion is targeted for 2029.

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. This project is designed to enhance connectivity in Lantau North and provide the new community with convenient railway service. As at the end of 2025, bored piling works were 79% complete, and foundation and piling works are both on-going.

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 an intermediate station at Area 16 and a new terminal station at Tuen Mun South near the Tuen Mun Ferry Terminal. During the year, we continued to progress foundation and piling works for Tuen Mun South Station, A16 Station and viaduct sections. We also completed reprovisioning works for the new Tuen Mun Swimming Pool and GREEN@TUEN MUN. Overall construction is expected to be completed in 2030. This project is being funded by the financial contribution from the R+P 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 2025, we substantially completed the station structural works as well as installation of all platform screen doors. Electrical and mechanical and building

The Year in Review

Hong Kong Network Expansion

services installation works have commenced and are progressing in full swing. Targeted completion of the station is expected in 2027. This project is being funded by the financial contribution from the R+P Model and the Company's internal resources.

Hung Shui Kiu Station on the Tuen Ma Line

In September 2024, the Company signed the Project Agreement with Government for the financing, design, construction, operation and maintenance of Hung Shui Kiu Station on the Tuen Ma Line, 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. During the year, detailed design works progressed, ground investigation works were completed and foundation works to facilitate station construction commenced. Overall construction is expected to be completed by 2030. This project is being funded by the financial contribution from the R+P Model and the Company's internal resources.

Northern Link

In July 2025, the Company signed the Northern Link (Part 1) Project Agreement with Government for the financing and construction of parts of the Northern Link Main Line ("Main Line") and commencement of detailed planning and design for the Northern Link Spur Line ("Spur Line"). The inauguration ceremony was held on 3 October 2025. The 10.7-km Main Line comprises two terminal and interchange stations at Kwu Tung and Kam Sheung Road, connecting to the East Rail Line and Tuen Ma Line, respectively, as well as three intermediate stations at San Tin, Ngau Tam Mei and Au Tau. The 6.2-km Spur Line connects by the interchange San Tin Station to Huanggang Port in Shenzhen via Chau Tau and The Loop stations. The commissioning of both lines is targeted for no later than 2034. The construction works of the Part 1 Project Agreement will be funded by the financial contribution from the R+P Model and the Company's internal resources.

Supporting New Railway Projects

The Company and Government are actively engaged in discussions to finalise the signing of the (Part 2) Project Agreement for the Northern Link. This will cover the financing and construction of the remaining works of the Main Line and Spur Line as well as the operation and maintenance of both lines. Government has announced its intention to proceed with MTR using the ownership approach, and different funding models, including the R+P Model, may be deployed to ensure commercial returns on the Company's investments. The Company is proactively studying a range of financing approaches in order to determine optimal means of delivering the next stage of Hong Kong's railway growth story.

Elsewhere, we are supporting Government on other railway initiatives including the South Island Line (West), Pak Shek Kok Station on the East Rail Line and the Tseung Kwan O Line Southern Extension, and we are ready to support the Central Rail Link, Northern Link Eastern Extension and Northeast New Territories Line when required. These are all part of the "Hong Kong Major Transport Infrastructure Development Blueprint" and "Transport Strategy Blueprint" that were announced by Government in 2023 and February 2026, respectively. We welcome the approval given by the Chief Executive in Council for Government in December 2025 to invite us to proceed with the detailed planning and design of the South Island Line (West). The South Island Line (West) will adopt a smart and green mass transit system to connect the existing South Island Line and Island Line for enhanced rail service in the southern and western districts of Hong Kong Island. We are also closely involved in the development of the Hong Kong–Shenzhen Western Rail Link with Government's invitation to submit an expression of interest in September 2025. Meanwhile, we will provide full support as required on smart and green mass transit initiatives in East Kowloon, Kai Tak, Hung Shui Kiu/ Ha Tsuen and the Yuen Long South New Development Areas. In October 2025, Government issued a notice of invitation to tender for the Smart and Green Mass Transit System in Kai Tak. We will consider investing in these and other initiatives if returns are commercially justified.

Chinese Mainland and International Businesses



5

Railway Services
as at 31 December 2025



2.24 billion
Total Patronage
Outside of Hong Kong



OVERVIEW

BUSINESS REVIEW AND ANALYSIS

CORPORATE GOVERNANCE

FINANCIALS AND OTHER INFORMATION

AIM

Our Chinese Mainland and international businesses form one of the Company's growth pillars. They enable us to achieve geographic diversification of our business and revenue, and they serve as highly effective vehicles for promoting the MTR and Hong Kong brands to high-potential markets on the Chinese Mainland and overseas.

CHALLENGES

We continue to use a variety of financial and operational models to navigate markets outside of Hong Kong, where competition for new projects and existing services is intensifying.

STRATEGY

We are pursuing rail-related business opportunities in markets across the Chinese Mainland and around the world. These include new public-private partnership ("PPP") infrastructure projects and transit-oriented development ("TOD") projects as well as asset replacement, maintenance and station commercial opportunities. Meanwhile, we continue to prioritise service excellence in all the markets outside of Hong Kong where we operate to strengthen the MTR brand and promote it to prospective and existing customers alike.

STAKEHOLDER ENGAGEMENT

Each year, we participate in global industry events to promote MTR's brand and business while staying up to date on best practices, the latest innovations and advanced technologies. We regularly engage with local governments and stakeholders on the Chinese Mainland and in the overseas markets where we operate to ensure optimal delivery of world-class railway services. We also work with our group companies, contractors and suppliers to ensure that our global operations reflect our strong commitment to high environmental, social and governance ("ESG") standards.

OUTLOOK

New railway line openings, newly awarded contract and the expansion of our Chinese Mainland station commercial business are expected to contribute additional revenue and profit for our Chinese Mainland and international businesses, partially compensating for the impact brought by the recent completions of certain concessions. Although patronage levels may vary between different railway concessions, the degree to which this impacts the Company depends on the service agreements in place. In the meantime, we will keep exploring a wide range of new business opportunities – including TOD, PPP and station commercial projects as well as operational and management services – on the Chinese Mainland, along the Belt & Road and in other high-potential markets around the world.



MTR seeks to provide its expertise in building, operating and maintaining world-class railway networks to major markets outside of Hong Kong. In 2025, the Company operated various businesses and railway concessions on the Chinese Mainland, in Europe and in Australia. During

the year, we and our subsidiaries, associates and joint ventures served a total of approximately 2.24 billion passengers outside of Hong Kong, averaging around 7.89 million per weekday.

Year ended 31 December HK\$ million	Chinese Mainland and International Businesses								
	Chinese Mainland and Macao Railway, Property Rental and Property Management Businesses			International Railway Businesses			Total		
	2025	2024	Inc./ (Dec.) %	2025	2024	Inc./ (Dec.) %	2025	2024	Inc./ (Dec.) %
Recurrent Businesses									
Subsidiaries									
Revenue	1,949	2,589	(24.7)	18,737	22,878	(18.1)	20,686	25,467	(18.8)
EBITDA	224	171	31.0	1,510	1,485	1.7	1,734	1,656	4.7
EBIT	(183)	(88)	(108.0)	1,381	1,311	5.3	1,198	1,223	(2.0)
EBITDA Margin (in %)	11.5%	6.6%	4.9 % pts.	8.1%	6.5%	1.6% pts.	8.4%	6.5%	1.9% pts.
EBIT Margin (in %)	(9.4)%	(3.4)%	(6.0)% pts.	7.4%	5.7%	1.7% pts.	5.8%	4.8%	1.0% pt.
Recurrent Business (Loss)/Profit (Net of Non-controlling Interests)	(225)	(131)	(71.8)	794	743	6.9	569	612	(7.0)
Associates and Joint Ventures									
Share of Profit	364	774	(53.0)	16	126	(87.3)	380	900	(57.8)
Total Recurrent Business Profit (before Business Development Expenses)	139	643	(78.4)	810	869	(6.8)	949	1,512	(37.2)
Profit Attributable to Shareholders of the Company for the Year									
– Arising from Recurrent Businesses (before Business Development Expenses)	949	1,512	(37.2)						
– Business Development Expenses	(258)	(283)	8.8						
– Arising from Recurrent Businesses (after Business Development Expenses)	691	1,229	(43.8)						
– Arising from Chinese Mainland Property Development	18	30	(40.0)						
– Arising from Underlying Businesses	709	1,259	(43.7)						

The Year in Review

Chinese Mainland and International Businesses

Excluding Chinese Mainland 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\$691 million in 2025 on an attributable basis, a decrease of 43.8% from 2024.

In our Chinese Mainland business, total recurrent business profit from railway, property rental and property management subsidiaries, associates and joint ventures decreased to HK\$139 million in 2025. This was mainly due to full-year operating losses arising from the opening of the initial section of Shenzhen Metro Line 13 Phase 1 in end-2024 and a lower contribution from our Hangzhou railway business as a consequence of an impairment provision made for the Hangzhou Metro Line 1 railway assets.

In our international businesses, recurrent business profit from our railway subsidiaries, associates and joint ventures decreased by 6.8% to HK\$810 million in 2025. This was mainly due to lower contributions from the South Western Railway in the UK and our Sydney railway businesses in Australia.

Railway Businesses on the Chinese Mainland

Beijing

In Beijing, our associate operates Beijing Metro Line 4, the Daxing Line, Beijing Metro Line 14, Beijing Metro Line 16 and Beijing Metro Line 17 ("BJL17"). Patronage across these lines decreased to 737 million during the year compared to 2024, and average weekday patronage was 2.26 million. Average on-time performance exceeded 99.9%, with all lines achieving stable operations. The middle, final section of BJL17 commenced passenger service on 27 December 2025, linking with the existing southern and northern sections to create another major railway artery for the capital city.

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 2025, and

on-time train service performance exceeded 99.9%. Patronage reached 245 million passengers while average weekday patronage was 689,000, similar to that of 2024.

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 patronage remains at a lower level for a further period of time and 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 achieved stable operations in its first full year of operation with on-time performance of over 99.9% in 2025. The northern section of SZL13 Phase 1 commenced passenger service on 28 December 2025, completing the full-line service of Phase 1 from Shenzhen Bay Checkpoint Station to Shangwu Station (except for Xili High Speed Railway Station). SZL13 Phase 2, for which we are providing project management consultancy services, remains 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 2025 with on-time performance exceeding 99.9%. Patronage for these lines reached 325 million, similar to 2024, and average weekday patronage was 902,000.

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. We now anticipate that patronage and average fare will remain at a lower level for longer than expected. We have therefore recognised a share of impairment provision of HK\$380 million for the HZL1 railway assets.

Hangzhou Metro Line 5

In 2025, total patronage for Hangzhou Metro Line 5 reached 246 million, roughly the same as in 2024, with an average weekday patronage of 745,000. The line maintained stable on-time performance during the year.

Property Businesses on the Chinese Mainland

MTR also develops and manages commercial and residential properties on the Chinese Mainland. We are studying possible strategic options for our malls on the Chinese Mainland due to challenging conditions in the retail and property markets. In February 2026, the tender for TIA Mall in Shenzhen, which has approximately 10,000 square metres in GFA, was not successful. We continue to evaluate options for the shopping mall at Tianjin's Beiyunhe Station, where preparations remain underway for an opening targeted after 2026.

During the year, we continued to make progress on the Hangzhou West Station TOD project. Meanwhile, we continued to provide TOD consultancy services for the Shenzhen Xili Station Comprehensive Transportation Hub and Beijing Sub-Centre Station Comprehensive Transportation Hub.

Other Businesses on the Chinese Mainland

We continued to progress our station commercial business in Chengdu, Zhengzhou and Xi'an, which now cover more than 700 station shops. The memorandum of understanding for station commercial business in Qingdao was signed in September 2025, and the joint venture with Guangzhou Metro Group to run station commercial business in Guangzhou was set up in December 2025. We are also exploring similar opportunities in other cities. Elsewhere, we have made an investment in CRRC Guangdong Co., Ltd. in Jiangmen, our first investment in the Guangdong Province's railway equipment industry.

International Railway Businesses

Australia

The Melbourne metropolitan rail network achieved stable operations during the year. Our concession for this service currently runs to November 2027. The new, 9-km Metro Tunnel, which opened in November 2025, provides a new railway connection through Melbourne's central business district. More than 70,000 passengers turned up to experience the new stations on the first day of service. We also continue to support our client, the Victoria State Government, on various network improvement initiatives.

The Tallawong-to-Sydenham section of the Sydney Metro M1 Metro North West & Bankstown Line achieved stable operations during the year. Conversion works for the line's southwest section are on-going in preparation for opening in the second half of 2026.

Sweden

The service contract for Stockholm Metro (Stockholms tunnelbana) ended in November 2025, and operations were handed over to the next operator.

United Kingdom

In the United Kingdom, we completed the handover of operations for the Elizabeth line and South Western Railway to the next operators in May 2025.

Growth Outside of Hong Kong

Our consortium with a subsidiary of CRRC Corporation Limited, Metro Trains West Consortium, won the Trains, Systems, Maintenance and Operations contract for the new Sydney Metro West project in Australia in December 2025. Under the contract, the consortium will be providing next-generation metro trains and associated systems as well as the commissioning and operation of the line connecting Parramatta and the city centre. The underground metro railway line, which will cover 24 km and have nine new stations, is targeted to commence service in 2032.

In December 2025, we submitted a bid for the Sydney Parramatta integrated station development, the result of which is expected in 2026. Elsewhere, we continue to seek business opportunities on the Chinese Mainland and overseas, including Belt and Road countries.

The Year in Review

Chinese Mainland and International Businesses

Chinese Mainland 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)
Chinese Mainland 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	37 ⁽¹⁾	50.8
Beijing Metro Line 16	49%	PPP	Full Line: by phases from December 2016 to December 2023	30 years from January 2024	30	48.9
Beijing Metro Line 17 ("BJL17")	49%	O&M Concession	Full Line: by phases from December 2021 to December 2025	20 years from December 2021	21 ⁽¹⁾	48.9
Shenzhen Metro Line 4 ("SZL4")	100%	Build-Operate-Transfer ⁽²⁾	Full Line: by phases from July 2010 to June 2011	30 years	15	19.9
SZL4 North Extension	100%	O&M Concession	October 2020	End together with SZL4 concession	8	10.8
Shenzhen Metro Line 13 ("SZL13") Phase 1	83%	PPP	Full Line: by phases from December 2024 to December 2025	30 years	16 ⁽³⁾	22.4
Hangzhou Metro Line 1 ("HZL1")	49%	PPP	November 2012	25 years	25	35.6
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⁾	Full Line: by phases from June 2019 to April 2020	25 years	40	56.2
International Railway Businesses						
Elizabeth Line, United Kingdom	100%	O&M Concession	May 2015	8 years till 2023, 2-year extension till 2025	41	118
South Western Railway, United Kingdom	30%	O&M Concession	May 2021	2 years till 2023, 2-year extension till 2025	210	998
Stockholm Metro, Sweden	100%	O&M Concession	November 2009	8 years till 2017, 6-year extension till 2023 and 2-year extension till 2025	100	108
Melbourne's Metropolitan Rail Service, Australia	60%	O&M Concession	November 2009	8 years till November 2017, 7-year extension till November 2024, 18-month extension till June 2026 and 18-month extension till November 2027	227	441
Sydney 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
Sydney Metro West, Australia	70%	Trains, Systems, Maintenance & Operations	Target to commence service in 2032	O&M for 15 years after line opens	9	24

Notes:

- 1 BJL14 has four stations bypassed currently. BJL17 has one station bypassed currently (Wangjingxi Station was opened on 31 January 2026).
- 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 SZL13 Phase 1 has one station bypassed currently.
- 4 HZL5 West Extension operates under an O&M concession and is therefore outside the scope of the PPP.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Our business strategies and operations adhere to a robust environmental, social and governance (“ESG”) framework. For 2025, we established 45 key performance indicators (“KPIs”) to benchmark our effectiveness in 10 focus areas spread across three primary environmental and social objectives: Greenhouse Gas Emissions Reduction, Social Inclusion, and Advancement & Opportunities. During the year, all of these KPIs had been achieved or were on track towards achievement.

Environmental Aspects

We continue to make good progress towards achieving our 2030 science-based carbon reduction targets, which were approved by the Science Based Targets initiative. To reinforce our decarbonisation commitments and provide a clear overview of our strategies, we published the Carbon Reduction Roadmap in December 2025.

Our programme to replace our diesel buses with electric buses continued in 2025. Seventeen electric buses were put into passenger service at the end of 2025. From 2022 to 2025, we completed the installation of more than 200 additional electric vehicle charging stations across our office buildings, malls and station carparks. In addition, we completed solar photovoltaic system installation work at two more stations across our network.

Social Aspects

MTR places great importance on being a caring and engaged member of the wider community. In 2025, the 20th anniversary of our “More Time Reaching Community” Scheme, we proudly organised 380 volunteering projects that helped over 64,000 people. We continued the “EmpowerZ” Youth Placement Pilot Programme that was launched last year for youths from ethnically diverse backgrounds and/or those with disabilities. The Company awarded MTR “Ride to Success” scholarships to 24 students in 2025 to nurture talent for the railway and smart cities industries and encourage young people to contribute to the community. During the year, more than 2,000 secondary students took part in the “Train’ for Life’s Journeys 2.0” programme, where they received guidance in future-ready skills while making impacts in solving social challenges. We also supported families who were impacted in the Tai Po incident, donating around 5,000 Octopus Cards with HK\$2,000 cash value each and 850 tablets for schoolchildren and the elderly.

The Company also strives to bring arts to the community by hosting exhibitions and performances throughout

our network as part of our “Art in MTR” programme. We organised “The Formless Way: Memorialising 85 years since Bruce Lee’s Birth”, an exhibition supported by the Hong Kong Heritage Museum and the Bruce Lee Foundation that celebrated Bruce Lee’s legacy and engaged the public during their MTR journeys.

Governance

MTR emphasises strong corporate governance and regularly reviews its governance practices to ensure that the Company operates ethically, transparently, and in the best interests of shareholders and stakeholders. Our comprehensive enterprise risk management framework enables us to effectively manage strategic, operational, financial, compliance and reputational risks as we strive to attain our business objectives. We regularly review key risks, including emerging and ESG-related risks, to help us respond to constantly evolving business and operating environments. We also have adopted the “Three Lines Model” to ensure proactive and effective risk management.

HUMAN RESOURCES

As at 31 December 2025, MTR and its subsidiaries employed 18,890 staff in Hong Kong and 10,976 staff outside of Hong Kong. Our associates and joint ventures employed an additional 16,438 staff in Hong Kong and worldwide. In 2025, the voluntary staff turnover rate in Hong Kong dropped to 3.9%.

MTR strives to be an employer of choice by enhancing its employer brand and offering competitive pay and benefits complemented by short- and long-term incentive schemes under the Company’s total reward framework. To engage and attract talent – especially the “new generation workforce” that will power MTR and Hong Kong’s future growth – we have adopted innovative recruitment marketing strategies and refreshed our employer brand with new recruitment visuals. Our graduate development programmes and revamped Railway Technical Trainee and Summer Internship Programmes offer a wide range of career choices for youth who are considering rewarding careers in the railway industry. We actively engage and maintain two-way communication with our employees through numerous channels, and we strive to foster a caring workplace by implementing well-being initiatives, establishing family-friendly practices and promoting work-life balance under the Wellness Connect platform. Meanwhile, our comprehensive learning and development programmes provide employees with career advancement and growth opportunities and strengthen their future-oriented skills.

FINANCIAL PERFORMANCE

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

CONSOLIDATED PROFIT OR LOSS

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

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

: Excluding share of profit of associates and joint ventures

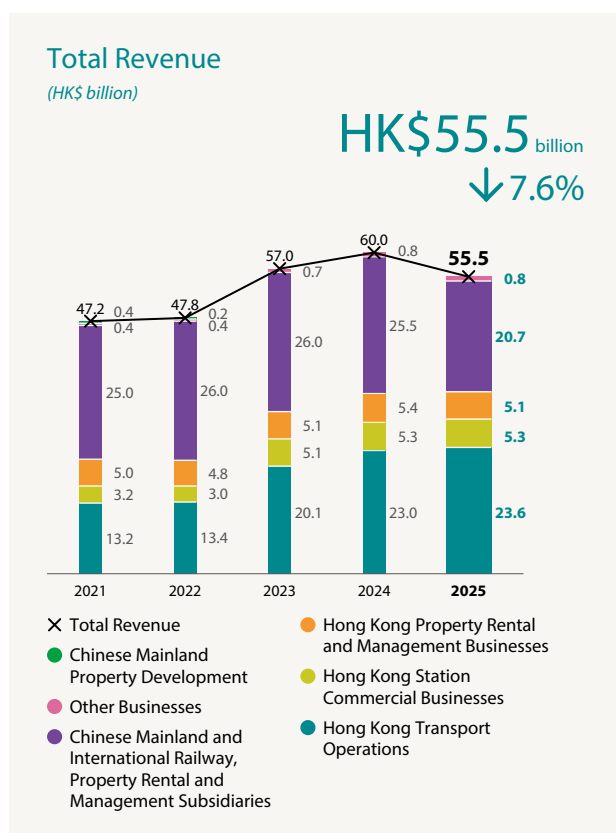
n/m : not meaningful

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

Total Revenue

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

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



Recurrent Business Profit

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

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

Total Recurrent EBIT by Businesses

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

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

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

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

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

The Year in Review

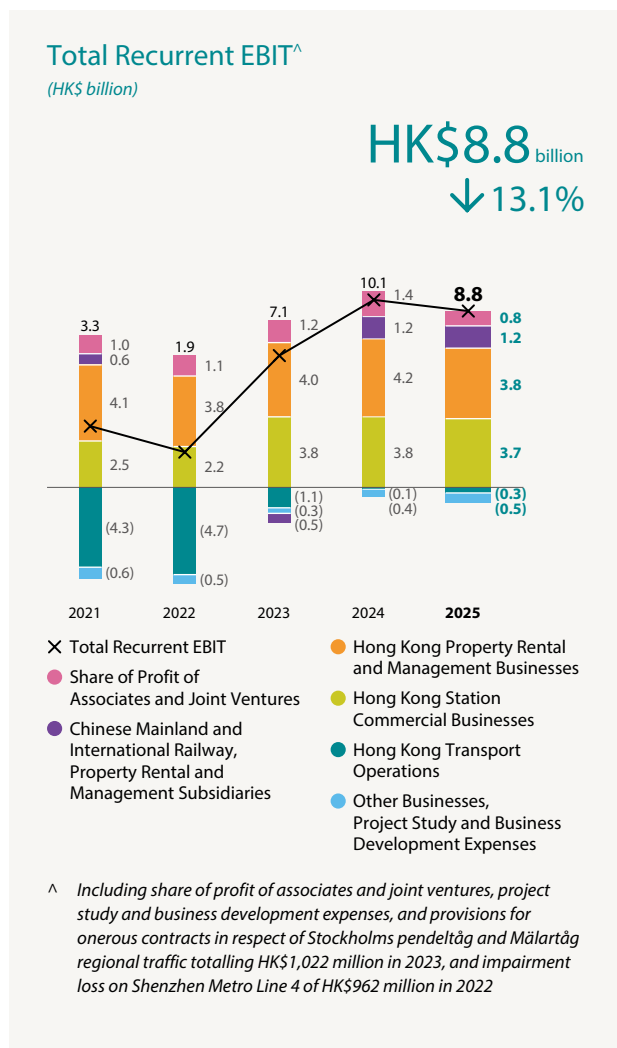
Financial Performance

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

Other Businesses, Project Study and Business

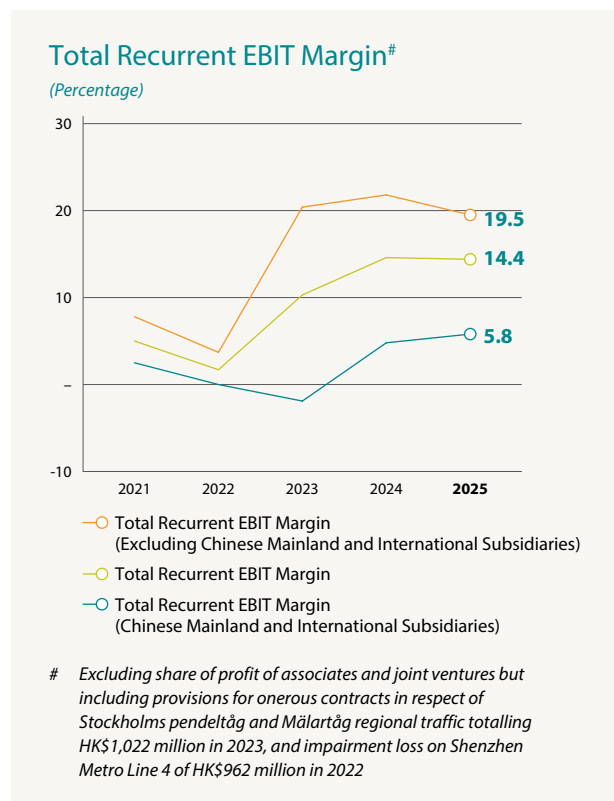
Development Expenses: EBIT loss was HK\$450 million, similar to 2024.

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



Total Recurrent EBIT Margin

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



Interest and Finance Charges

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

Income Tax

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

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

Property Development Profit (Post-tax)

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

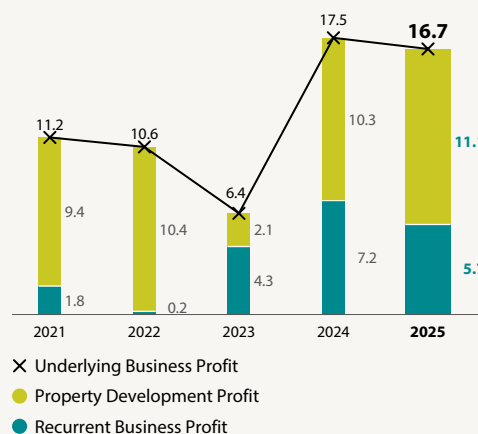
Underlying Business Profit

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

Underlying Business Profit

(HK\$ billion)

HK\$16.7 billion
↓4.2%



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

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

Net Profit Attributable to Shareholders of the Company

Taking into account the Group’s recurrent businesses, property development businesses and fair value measurement of investment properties, the Group reported a net profit attributable to shareholders of the Company of HK\$14,677 million in 2025, a decrease of HK\$1,095 million or 6.9% compared to HK\$15,772 million in 2024.

The Year in Review
Financial Performance

CONSOLIDATED FINANCIAL POSITION

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

n/m: not meaningful

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

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

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

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

CONSOLIDATED CASH FLOWS

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

Net Cash Generated from Operating Activities

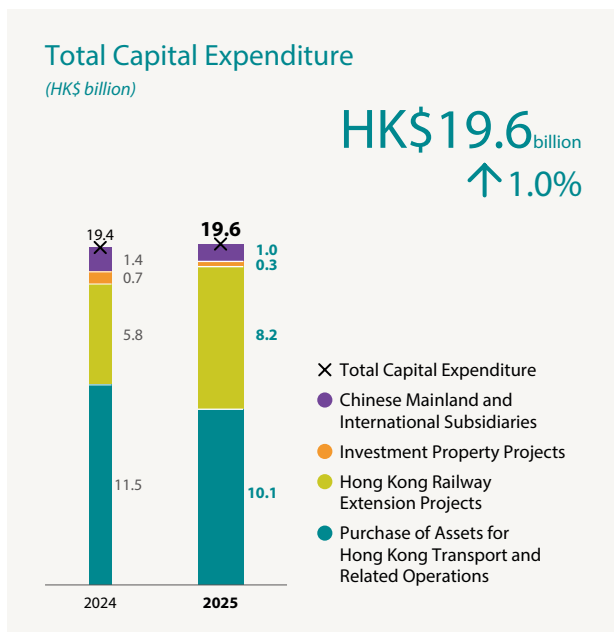
Net cash generated from operating activities dropped by HK\$6,617 million to HK\$11,874 million in 2025 from HK\$18,491 million in 2024, mainly attributable to (i) increase in tax paid in 2025 for our Hong Kong property development profit booked in 2024 and (ii) payments to creditors following the handover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

Net Receipts from Property Development

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

Capital Expenditure

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



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

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

Dividends Paid to Shareholders of the Company

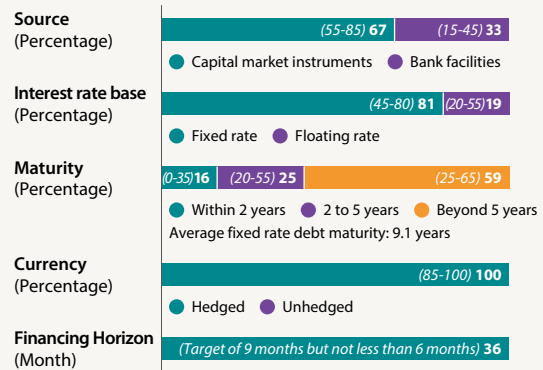
The Group paid dividends of HK\$8,155 million (2024: HK\$7,946 million) in cash, being the 2024 final dividend of HK\$0.89 per share and the 2025 interim dividend of HK\$0.42 per share.

FINANCING ACTIVITIES

Preferred Financing Model and Debt Profile

The Preferred Financing Model exemplifies the Company's approach to debt management and helps ensure a prudent and well-balanced debt portfolio

(Preferred Financing Model) vs. Actual debt profile as at 31 December 2025



The Year in Review

Financial Performance

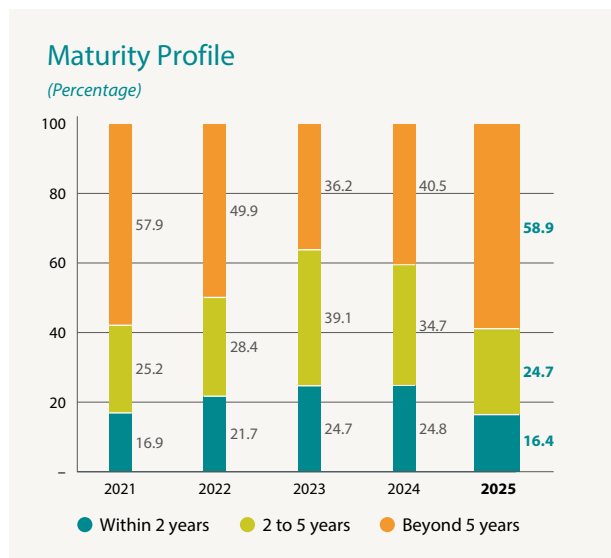
Equity and debt capital markets in Hong Kong operated in a smooth and orderly manner throughout 2025 amidst a stable local economic environment. HKD interbank rates predictably continued to generally track their USD counterpart rates under the mechanism of Hong Kong's Linked Exchange Rate System to the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

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

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

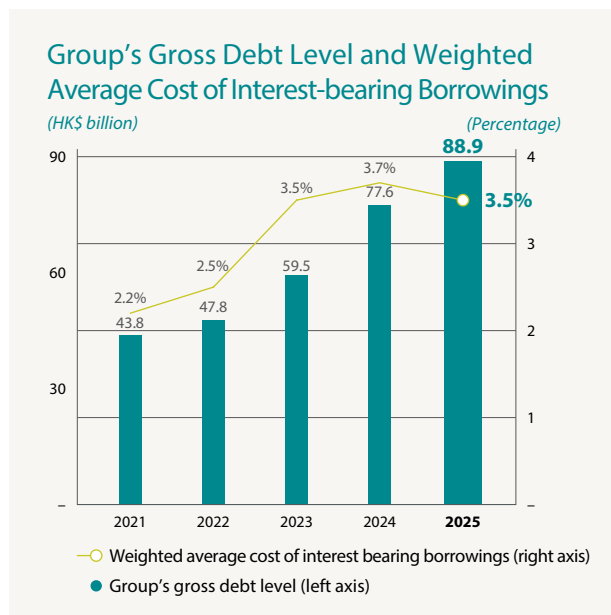
Maturity Profile

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



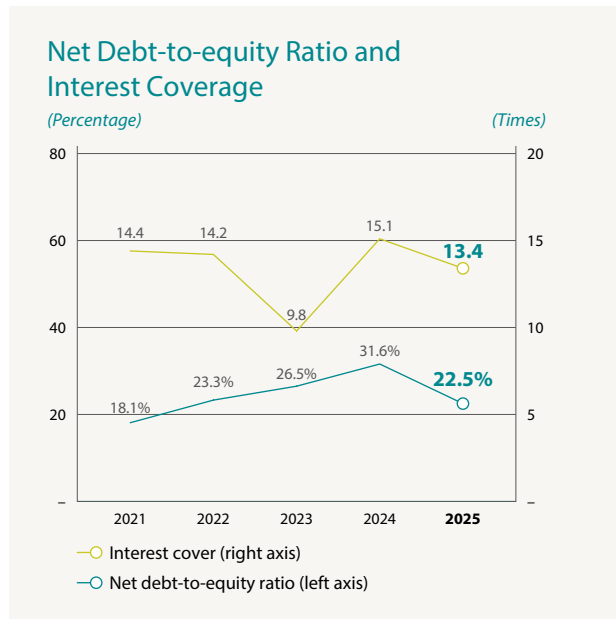
Gross Debt and Cost of Borrowing

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



Net Debt-to-equity Ratio and Interest Coverage

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

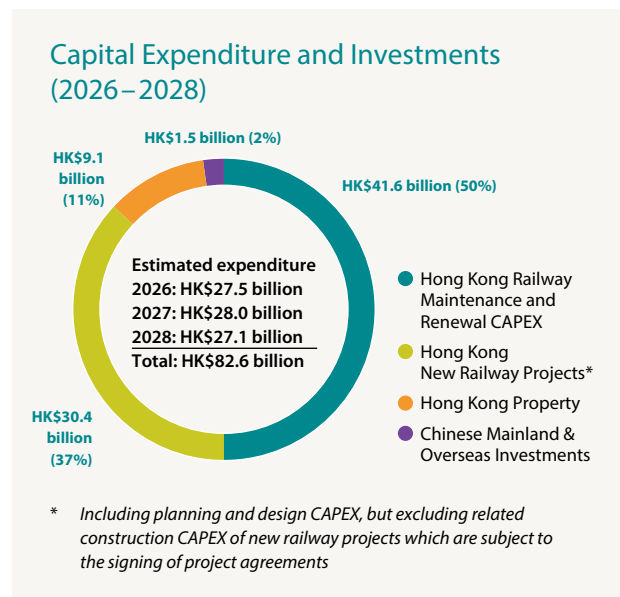


Capital Expenditure and Investments

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

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

The Group believes that based on its cash, bank balances and deposits of HK\$44.2 billion, total available committed banking facilities of more than HK\$51.1 billion as at 31 December 2025, and its ready access to both the loan and debt capital markets, it will have sufficient financing capacity to fund its capital expenditure and investment programme.



Credit Ratings (as of 12 March 2026)

Credit ratings	Short-term*	Long-term*
Standard & Poor's	A-1+/A-1+	AA+/AA+
Moody's	- / P-1	Aa3/Aa3
Rating & Investment Information, Inc. (R&I)	a-1+	AA+

* Ratings for Hong Kong dollar/foreign currency – denominated debts respectively

Ten-Year Statistics

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Financial										
Consolidated Profit or Loss (in HK\$ million)										
Total revenue										
– Hong Kong transport services										
– Hong Kong transport operations	23,595	23,013	20,131	13,404	13,177	11,896	19,938	19,490	18,201	17,655
– Hong Kong station commercial businesses	5,345	5,343	5,117	3,077	3,208	3,269	6,799	6,458	5,975	5,544
– Total Hong Kong transport services	28,940	28,356	25,248	16,481	16,385	15,165	26,737	25,948	24,176	23,199
– Hong Kong property rental and management businesses	5,067	5,379	5,079	4,779	5,036	5,054	5,137	5,055	4,900	4,741
– Chinese Mainland and international railway, property rental and management subsidiaries	20,686	25,467	25,955	26,016	25,045	21,428	21,085	20,877	17,194	13,562
– Other businesses	758	809	700	363	383	894	1,545	1,990	2,174	2,339
– Recurrent businesses	55,451	60,011	56,982	47,639	46,849	42,541	54,504	53,870	48,444	43,841
– Chinese Mainland property development	14	–	–	173	353	–	–	60	6,996	1,348
– Total	55,465	60,011	56,982	47,812	47,202	42,541	54,504	53,930	55,440	45,189
Total EBITDA										
– Recurrent businesses	17,701	17,907	15,323	7,852	8,019	5,194	15,351	18,843	17,677	16,947
– Hong Kong property development	13,212	12,185	2,329	11,589	11,097	6,491	4,496	2,574	1,097	228
– Chinese Mainland property development	9	(3)	(13)	59	129	(13)	(25)	25	2,314	366
– Total	30,922	30,089	17,639	19,500	19,245	11,672	19,822	21,442	21,088	17,541
Depreciation and amortisation	(6,396)	(6,144)	(6,105)	(5,769)	(5,430)	(5,365)	(5,237)	(4,985)	(4,855)	(4,127)
Provisions for onerous contracts and impairment loss	–	–	(1,022)	(962)	–	–	–	–	–	–
Variable annual payment	(3,330)	(3,025)	(2,355)	(323)	(260)	(238)	(2,583)	(2,305)	(1,933)	(1,787)
Total EBIT										
– Recurrent business EBIT										
EBIT										
Hong Kong transport services										
– Hong Kong transport operations	(254)	(63)	(1,111)	(4,733)	(4,262)	(5,408)	(591)	1,985	1,656	2,572
– Hong Kong station commercial businesses	3,660	3,773	3,792	2,270	2,488	2,502	5,122	5,025	4,722	4,362
Total Hong Kong transport services	3,406	3,710	2,681	(2,463)	(1,774)	(2,906)	4,531	7,010	6,378	6,934
Hong Kong property rental and management businesses	3,821	4,169	3,999	3,800	4,048	4,185	4,264	4,225	4,082	3,912
Chinese Mainland and international railway, property rental and management subsidiaries*	1,198	1,223	524	962	622	261	1,089	722	814	490
Other businesses	2	39	56	(213)	(255)	(1,670)	(2,077)	(81)	(53)	58
Project studies and business development expenses	(452)	(403)	(397)	(326)	(312)	(279)	(276)	(323)	(332)	(361)
Provisions for onerous contracts and impairment loss	–	–	(1,022)	(962)	–	–	–	–	–	–
Share of profit of associates and joint ventures	787	1,340	1,259	1,095	968	605	288	658	494	537
Sub-total	8,762	10,078	7,100	1,893	3,297	196	7,819	12,211	11,383	11,570
– Property development business EBIT	13,221	12,182	2,316	11,648	11,226	6,478	4,471	2,599	3,411	592
– Total	21,983	22,260	9,416	13,541	14,523	6,674	12,290	14,810	14,794	12,162
(Loss)/gain from fair value measurement of investment properties	(2,060)	(1,703)	1,386	(810)	(1,616)	(9,190)	2,583	4,745	6,314	891
Profit/(loss) attributable to shareholders of the Company arising from:										
– Recurrent businesses										
– in Hong Kong	4,962	5,981	4,940	384	979	(1,537)	4,455	8,460	7,949	8,717
– outside Hong Kong	691	1,229	(659)	(227)	829	411	525	560	631	199
– Total	5,653	7,210	4,281	157	1,808	(1,126)	4,980	9,020	8,580	8,916
– Property development businesses										
– in Hong Kong	11,066	10,235	2,035	10,413	9,277	5,442	4,320	2,153	916	184
– outside Hong Kong	18	30	48	67	66	65	49	90	1,019	263
– Total	11,084	10,265	2,083	10,480	9,343	5,507	4,369	2,243	1,935	447
– Underlying businesses	16,737	17,475	6,364	10,637	11,151	4,381	9,349	11,263	10,515	9,363
– Fair value measurement of investment properties	(2,060)	(1,703)	1,420	(810)	(1,599)	(9,190)	2,583	4,745	6,314	891
– Total	14,677	15,772	7,784	9,827	9,552	(4,809)	11,932	16,008	16,829	10,254
Profit/(loss) for the year	15,558	16,067	8,088	10,141	9,679	(4,821)	12,092	16,156	16,885	10,348
Share Information										
Basic earnings/(loss) per share (in HK\$)	2.36	2.54	1.26	1.59	1.55	(0.78)	1.94	2.64	2.83	1.74
Basic earnings per share arising from underlying businesses (in HK\$)	2.69	2.81	1.03	1.72	1.80	0.71	1.52	1.86	1.77	1.59
Ordinary dividend per share (in HK\$)	1.31	1.31	1.31	1.31	1.27	1.23	1.23	1.20	1.12	1.07
Dividend payout ratio (based on underlying business profit) (in %)	49	47	127	76	71	173	81	65	63	67
Ordinary dividends attributable to the year (in HK\$ million)	8,155	8,155	8,143	8,124	7,865	7,602	7,574	7,359	6,728	6,317
Share price at 31 December (in HK\$)	29.80	27.10	30.30	41.35	41.85	43.35	46.05	41.20	45.80	37.70
Market capitalisation at 31 December (in HK\$ million)	185,500	168,693	188,381	256,455	259,196	267,943	283,574	252,947	275,156	222,629
Consolidated Financial Position (in HK\$ million)										
Total assets	398,938	367,499	346,426	327,081	292,082	290,574	289,214	274,687	263,768	257,340
Loans, other obligations and bank overdrafts	88,923	77,568	59,491	47,846	43,752	50,340	39,456	40,205	42,043	39,939
Obligations under service concession	9,886	9,969	10,059	10,142	10,231	10,295	10,350	10,409	10,470	10,507
Total equity attributable to shareholders of the Company	192,215	185,625	178,344	179,286	179,714	176,788	186,606	180,447	166,304	149,461
Financial Ratios										
EBITDA margin [◇] (in %)	31.9	29.8	26.9	16.5	17.3	12.2	28.1	35.0	36.1	38.3
EBITDA margin [◇] (excluding Chinese Mainland and international subsidiaries) (in %)	45.9	47.0	45.9	30.5	32.7	22.1	42.0	54.5	53.5	54.0
EBIT margin [◇] (in %)	14.4	14.6	10.2	1.8	5.2	(1.0)	13.8	21.5	23.8	25.2
EBIT margin [◇] (excluding Chinese Mainland and international subsidiaries) (in %)	19.5	21.8	20.4	3.7	7.8	(3.2)	19.3	32.8	32.2	34.8
Net debt-to-equity ratio (in %)	22.5	31.6	26.5	23.3	18.1	22.5	15.4	18.1	20.6	20.2
Return on average equity attributable to shareholders of the Company arising from underlying businesses (in %)	8.9	9.6	3.6	5.9	6.3	2.4	5.1	6.5	6.7	5.9
Interest cover (times)**	13.4	15.1	9.8	14.2	14.4	8.2	14.4	13.6	15.0	12.6

* 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.

◇ 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.

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Hong Kong Transport Operations										
<i>Revenue car-km operated (thousand)</i>										
Domestic and Cross-boundary services	299,062	298,180	291,212	265,209	268,050	268,492	301,552	308,742	301,541	287,828
Airport Express	23,150	23,274	19,681	12,328	10,165	12,631	22,971	23,190	23,202	23,276
Light Rail	10,565	10,683	10,316	9,727	10,245	10,385	10,592	11,139	11,145	11,152
<i>Total number of passengers (thousand)</i>										
Domestic Service	1,594,407	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
Cross-boundary Service	106,673	98,386	71,518	429	486	7,647	104,183	117,448	112,549	113,274
High Speed Rail	31,095	26,729	20,100 ^{@@}	–	–	1,033	16,923	5,302 [@]	–	–
Airport Express	13,304	13,133	10,843	3,102	2,150	3,070	15,764	17,710	16,621	16,133
Light Rail	154,361	154,579	150,002	131,715	141,581	111,865	155,885	179,411	178,502	178,709
Bus	58,660	58,946	57,693	48,230	50,380	42,077	51,484	51,025	50,744	50,413
Intercity	–	–	–	–	–	103	1,880	3,630	3,698	3,739
<i>Average number of passengers (thousand)</i>										
Domestic Service – weekday average	4,712	4,684	4,670	3,920	4,189	3,406	4,658	4,862	4,772	4,608
Cross-boundary Service – daily average	292	269	196	1	1	21	285	322	308	309
High Speed Rail – daily average	85	73	57 ^{@@}	–	–	36 [#]	46	53 [@]	–	–
Airport Express – daily average	36	36	30	8	6	8	43	49	46	44
Light Rail – weekday average	450	445	434	377	403	317	448	506	503	500
Bus – weekday average	171	170	168	139	145	121	151	147	146	144
Intercity – daily average	–	–	–	–	–	4 [#]	5	10	10	10
<i>Average passenger km travelled</i>										
Domestic and Cross-boundary services	11.4	11.3	11.1	10.7	10.5	10.5	10.6	10.8	10.8	10.9
Airport Express	27.3	27.2	27.6	25.3	23.7	25.8	28.2	28.3	28.5	28.4
Light Rail	2.6	2.6	2.6	2.6	2.7	2.8	2.7	2.7	2.7	2.7
Bus	6.0	6.1	5.6	4.5	4.5	4.1	4.5	4.5	4.5	4.5
<i>Average car occupancy (number of passengers)</i>										
Domestic and Cross-boundary services	65	65	63	54	56	45	59	62	63	64
Airport Express	16	15	15	6	5	6	19	22	20	20
Light Rail	38	38	38	36	37	30	40	44	44	44
<i>Proportion of franchised public transport boardings (%)</i>										
	50.2	50.1	50.1	48.3	47.3	45.3	47.4	49.0 ^{&}	49.1	48.4
<i>HK\$ per car-km operated (Hong Kong Transport Operations***)</i>										
Total revenue	59.2	58.2	53.6	40.8	40.0	35.6	51.7	53.4	52.5	53.0
Operating costs	36.4	35.7	34.3	36.0	34.4	33.3	33.0	28.2	28.5	27.7
Operating profit	22.8	22.5	19.3	4.8	5.6	2.3	18.7	25.2	24.0	25.3
<i>HK\$ per passenger carried (Hong Kong Transport Operations***)</i>										
Total revenue	10.45	10.25	9.39	7.91	7.31	8.11	9.40	9.26	9.10	9.06
Operating costs	6.42	6.29	6.00	6.98	6.28	7.60	5.99	4.89	4.93	4.73
Operating profit	4.03	3.96	3.39	0.93	1.03	0.51	3.41	4.37	4.17	4.33
Safety Performance										
<i>Domestic Service, Cross-boundary Service and Airport Express</i>										
Number of reportable events [^]	774	917	1,220	823	760	656	1,164	1,056	1,148	1,134
Reportable events per million passengers carried [^]	0.45	0.54	0.73	0.62	0.53	0.57	0.69	0.58	0.65	0.66
Number of staff and contractors' staff accidents ^Δ	66	57	52	59	56	51	81	50	46	61
<i>Light Rail</i>										
Number of reportable events [^]	53	61	65	57	62	80	163	87	104	191
Reportable events per million passengers carried [^]	0.34	0.39	0.43	0.43	0.44	0.72	1.05	0.48	0.58	1.07
Number of staff and contractors' staff accidents ^Δ	6	5	5	6	5	10	8	2	5	8
Employees										
<i>Hong Kong</i>										
Corporate management and support departments	2,559	2,431	2,166	1,952	1,923	1,852	1,899	1,932	1,882	1,837
Station commercial businesses	218	214	206	186	188	224	234	204	191	192
Transport Operations	12,777	12,392	11,728	11,492	11,688	11,983	12,211	11,948	11,591	11,349
Capital Works	1,420	1,503	1,497	1,428	1,335	1,426	1,531	1,711	2,144	2,615
Property and other businesses	1,803	1,742	1,634	1,551	1,528	1,548	1,549	1,500	1,440	1,416
Chinese Mainland and international businesses	113	129	174	195	201	255	318	331	276	230
<i>Outside of Hong Kong</i>										
Employees outside of Hong Kong	10,976	13,411	16,000	15,504	15,105	16,921	16,521	14,270	10,781	9,866
Total	29,866	31,822	33,405	32,308	31,968	34,209	34,263	31,896	28,305	27,505

@ 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 Services, 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.

^Δ Any accident connected with the operation of the railway or with the maintenance thereof, which is notifiable to Railways Branch, Electrical and 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

The Ngong Ping Cable Car and its associated theme village generated revenue of HK\$483 million in 2025, a decrease of 1.2% compared to the previous year that was mainly due to the reduction of operating days affected by adverse weather.

Various events and promotions were held during the year, including collaborations with popular films and entertainment projects, seasonal celebrations for the Chinese New Year and Christmas holidays, joint promotions with leading brands including Hong Kong Disneyland and McDonald's, attractive offers during the citywide "Water Parade" and Government-initiated "Four Peaks" tourism initiative, and many more.

OCTOPUS

The Company's share of profit from Octopus Holdings Limited ("OHL") decreased by 7.1% to HK\$406 million in 2025. Despite a challenging environment, OHL demonstrated both strength and resilience. As Octopus accelerates its shift from plastic cards to mobiles and the rollout of next-generation online readers, it will strengthen its presence in everyday spending, travel and e-commerce, driving the next wave of digital payment innovation. As at 31 December 2025, over 135,000 service providers accepted Octopus payments across more than 200,000 acceptance points in Hong Kong and another 40 million worldwide. Total cards and stored-value products in circulation exceeded 35 million, processing an average of 15.8 million transactions worth HK\$339.4 million daily.

MTR ACADEMY

The MTR Academy ("MTRA") offers quality education and training to railway engineering and management professionals in Hong Kong and across the region while providing a valuable channel for the Company to promote its industry leadership and the MTR brand. In 2025, MTRA saw a 77% year-on-year increase in admitted students for the 2025/2026 accredited programme cohort, an outcome of the Academy's sustained efforts in school and public outreach as well as its commitment to providing quality education. MTRA continued to promote future-oriented learning and research through the MTR Research Funding Scheme, and a total of 28 projects were funded up to 2025. The Academy, The Hong Kong Polytechnic University and Beijing Jiaotong University also held the Belt & Road Advanced Professional Development Programme in Railway Transport, which delivered high-level railway training to 44 railway professionals and scholars from 13 countries and regions.

MTR LAB

MTR Lab, part of the Company's "New Growth Engine", invests in technology start-ups and collaborates with partners around the world to drive innovation for the Company's core businesses. The year under review saw MTR Lab make several moves in its focus areas, including its first investment in AI retail technology by investing in Whale, a Singapore-based, AI-native company providing digital retail and marketing solutions.

MTR Lab formed several strategic partnerships with global technology ecosystem players during the year. Following its first partnership in Japan with CROSSBIE JAPAN K.K., and with TusStar, one of the largest technology incubators in Chinese Mainland, MTR Lab continued to deepen its efforts in sourcing investment targets globally in sectors such as smart mobility, property technology, sustainability and smart city. In September, MTR Lab announced its first partnership in the Middle East with Hub71, Abu Dhabi's global technology ecosystem, aiming to enhance MTR Lab's deal-sourcing in the UAE and the wider Middle East as well as support its portfolio companies' local expansion in the region.

Environmental & Social Responsibility



Our ability to achieve mutual, long-term growth with Hong Kong is predicated on a firm commitment to attaining high environmental, social and governance (“ESG”) standards, which enable us to Keep Cities Moving with safe and efficient railway transport services that are also green, accessible and affordable. In addition to the information contained within this section regarding our ESG-related efforts and performance, stakeholders may also consult our dedicated sustainability website and annual Sustainability Report.

In 2025, we set 45 key performance indicators (“KPIs”) to guide our progress in 10 focus areas spread across three primary environmental and social objectives: Greenhouse Gas Emissions Reduction, Social Inclusion, and Advancement & Opportunities. During the year, all of these KPIs were either achieved or on track towards fulfilment.

SOCIAL INCLUSION

Universal Basic Mobility

World-class public transport networks and properties must be readily accessible to people of all ages and abilities. During the year, the “In-Station Navigation” function for the visually impaired in the MTR • Care App was enhanced to cover eight railway lines and Exhibition Centre Station. The “In-Station Assistance” function for the hearing-impaired was also extended in 2025 to cover all stations on the Kwun Tong, Tsuen Wan, Island, Tseung Kwan O and South Island lines.

Diversity and Inclusion

We believe in providing equal opportunities for people from all backgrounds, regardless of age, gender or ethnicity. During the year, we continued reaching out to underrepresented groups through our “EmpowerZ” Youth Placement Pilot Programme, which offers career opportunities for youths from diverse ethnic backgrounds and those with disabilities.

Environmental & Social Responsibility

We also collaborated with social enterprises and NGOs to raise the awareness of people with special education needs (“SEN”) and support for caregivers through both internal and external engagement, as well as volunteer works during the fourth Inter-Company Volunteer Week organised by MTR and Time Auction, which saw participation from 49 companies and over 1,000 volunteers. We also promoted awareness of mental well-being and challenged gender stereotypes through activities around International Women’s Day and International Men’s Day.

Equal Opportunities

In 2025, 380 volunteering projects helping more than 64,000 people across the community were organised under the “More Time Reaching Community” Scheme, involving a participating headcount of 5,608 volunteers. Highlights of the year included MTR Volunteering Month 2025 – “Love Across Generations, Together for 20 Years” – which was held to celebrate the 20th anniversary of the Scheme. During the year, a total of HK\$27.2 million was donated and sponsored to charitable and other organisations.

As part of the support towards the impacted families in Tai Po incident, on top of the HK\$2,000 cash value in around 5,000 Octopus card, the Company also donated 850 tablets to the school children and the elderly via our ESG Project Allies, Hong Kong Family Welfare Society.

Our long-running “Art in MTR” programme continued to present opportunities for members of the commuting public to enjoy visual and performing arts throughout our network. We were also proud to organise “The Formless Way: Memorialising 85 years since Bruce Lee’s birth” exhibition with the Hong Kong Heritage Museum and Bruce Lee Foundation to celebrate Bruce Lee’s legacy and engage the public during their MTR journeys.

ADVANCEMENT & OPPORTUNITIES

Future Skills and Innovation

In 2025, we continued our extensive efforts to provide educational and career opportunities for youth with the “Train’ for Life’s Journeys 2.0” programme. Over 2,000 students received training in future-ready skills across a variety of disciplines, while 260 students also participated in the “Social Innovation Challenge” to create inclusion focus proposals for disability inclusion, ethnic diversity, gender equity and intergenerational relationships. Winning teams took study trips to Melbourne and Hangzhou to visit MTR’s businesses and explore local cultures and ESG initiatives. In 2025, we recognised 24 individuals as awardees of MTR “Ride to Success” scholarship programme to students who are interested in pursuing careers in the railway, engineering, transportation and logistics sectors.



Enabling Development of our Business Partners

MTR insists upon high levels of governance, equity and environmental stewardship from its business partners as well as itself. Our Supplier Code of Practice provides suppliers and contractors with a compulsory behavioural framework covering ethics, human and labour rights, and supply chain management. Our Green Procurement Policy outlines our high standards for environmental protection. The Modern Slavery and Human Trafficking Statement sets out our commitment to preventing any incidence of modern slavery or human trafficking within our business and supply chains.

GREENHOUSE GAS EMISSIONS REDUCTION

Carbon Emissions

Our programme to replace diesel buses with more low-carbon electric buses continued during the year. As at the end of 2025, 17 electric buses were in passenger service. Overall, we continue to make good progress towards meeting our 2030 science-based carbon reduction targets, which were approved by the Science Based Targets initiative, and achieving carbon neutrality by 2050, in alignment with one of our key strategic priorities. We also published the Carbon Reduction Roadmap in December 2025 to delineate the milestones in our carbon reduction journey, from overarching strategies to specific planned actions.

Clean Energy and Energy Efficiency

Solar photovoltaic system installation work has been completed at several stations and depots across the MTR network. In 2025, the Company completed installation of solar photovoltaic systems at two more stations in a continuation of its efforts to increase the generation of renewable energy. In March 2025, we once again supported the World Wide Fund's "Earth Hour" campaign, switching off the external and façade lights of various MTR properties across the city.

Waste Management

In August 2025, under our "Legacy Train Revitalisation Programme", we donated retired train components to the Autism Partnership Foundation, which resulted in the creation of a train-themed play area where students can learn in a real train compartment environment. During the year, initiatives including the "Lai See Packets Reuse

and Recycle Programme", "Earphones and Headphones Recycling Programme" and mooncake collection were launched to promote waste reduction and extend support to low-income families. We also extended our All-in-One Recycling Scheme to include several additional MTR office locations. The scheme can accommodate over 40 types of recyclables.

Green and Low-carbon Designs

In 2025, the reprovisioning of the Tuen Mun Swimming Pool and Practice Greens for the Tuen Mun South Extension project attained BEAM Plus Provisional Gold rating, and seven new stations achieved a "BEAM Plus" New Buildings version 2.0 Gold rating or above in the Provisional Assessment from the Hong Kong Green Building Council. Such qualifications reflect the Company's commitment to embed sustainability principles throughout the entire station development process – from planning, design and construction to operation and maintenance.

Sustainable Finance

Low carbon mass transit rail is the backbone of Hong Kong's sustainable public transport development. In September 2025, MTR signed a HK\$30 billion, seven-year syndicated green term loan facility that will help fund the Company's new railway projects that shape the city's low-carbon future. Under this loan facility, we will be able to finance and refinance eligible green investments as defined in our Sustainable Finance Framework. In January 2026, we priced our inaugural senior unsecured green bond in the Australian market, which at a total size of AU\$2 billion is the largest ever Australian dollar corporate green bond. Further details of our sustainable investments are provided in our annual Sustainable Finance reports, which are accessible via our Company's website.

INDICES AND RECOGNITION

For the sixth consecutive year, MTR was included in S&P Global's Sustainability Yearbook 2025, ranking in the top 15% of our industry globally. MTR was once again included in the S&P Sustainability Yearbook (China Edition) 2025 and FTSE4Good Index Series and was selected as a constituent company in the Dow Jones Best-in-Class Asia Pacific Index. The Company also continued to be a constituent 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.

Human Resources



Our people are our most valuable asset. In a challenging labour market, we strive to provide employees with workplace and job satisfaction and support them in achieving rewarding careers at MTR while ensuring business continuity and fulfilling our pledge to Keep Cities Moving. These efforts were recognised with numerous awards during the year. As at 31 December 2025, MTR and its subsidiaries employed 18,890 staff in Hong Kong and 10,976 staff outside of Hong Kong. The Company's associates and joint ventures employed an additional 16,438 staff in Hong Kong and around the world.

RECRUITMENT, TALENT MANAGEMENT AND RETENTION

In 2025, MTR's voluntary staff turnover rate in Hong Kong dropped to 3.9%. We attract and retain staff by promoting our award-winning employer brand and offering competitive pay and benefits, which are complemented by 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.

We value employee engagement, offering outreach support to colleagues through numerous channels. Staff have the opportunity to participate in a comprehensive suite of learning and development programmes designed to ensure the mutual long-term success of the Company and its employees. We are also committed to fostering a caring, progressive, family-friendly workplace that promotes employee well-being.

At a time of intensive railway development in Hong Kong, one of the Company's biggest priorities is identifying

and nurturing next-generation leadership. Our pipeline programmes for corporate talent, designed for participants ranging from recent graduates to executive managers, help us develop high-potential individuals through structured assessment and development. These include a newly launched Leadership Development Initiative as well as the Job Shadowing Programme and Externship Programme with different organisations.

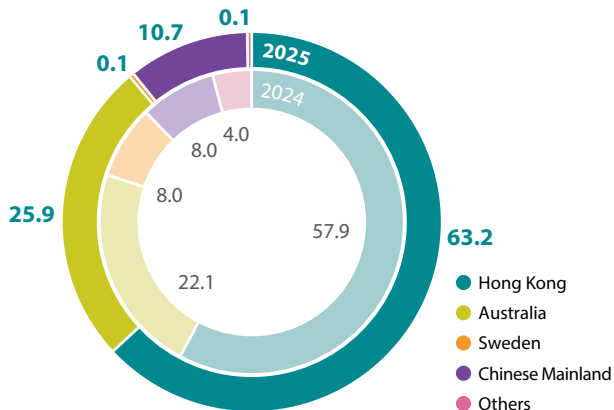
To attract the new generation workforce, we revamped the Summer Internship Programme and adopted fresh recruitment strategies and visuals while continuing to organise regular Recruitment Days in diversified locations to boost community outreach and promote the MTR employer brand. We participated in numerous job fairs and expos, including those hosted by social service organisations such as the Equal Opportunities Commission, Care in Education and Recruitment ("CareER") and the e-Connect Employment Network, demonstrating our commitment to recruiting talent from diverse backgrounds, including those from ethnic minority groups and people with disabilities. We also supported Government's international talent development strategy by participating in several local and overseas recruitment events and the HYAB (Home and Youth Affairs Bureau of Government) Scheme on Corporate Summer Internship on the Mainland and Overseas.

EMPLOYEE MOTIVATION AND ENGAGEMENT

In November 2025, we conducted a full Employee Engagement Survey with a high response rate of 87% to listen to employees' feedback and evaluate their engagement levels. The engagement score has improved

Staff Distribution by Geographical Location

(Percentage)



significantly compared with the level recorded in the last survey in 2023. Results will be communicated across the Corporation, and action planning taskforces will be established to implement follow-up actions during 2026 and 2027 to address employees' needs and enhance their working experience at MTR.

Launched in May 2025, the Wellness Connect platform advanced our enterprise approach to employee well-being, recording over 26,000 participations. To further strengthen mental health support for staff, a new professional service provider for the Employee Assistance Programme was appointed in December 2025.

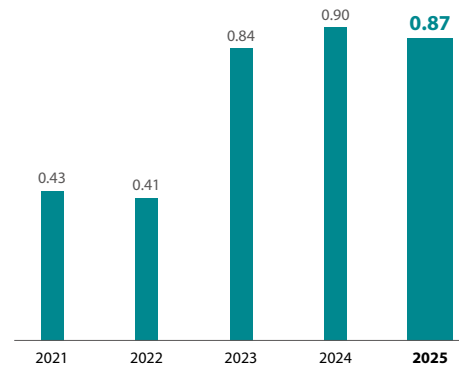
Recognition and togetherness remained central to our culture. The Appreciation Month in September engaged more than 2,000 employees and generated over 100 peer-recognition stories on the "We Praise We Support" platform. The Metro Recreation Club ("MRC") Sports Day in April drew over 1,300 colleagues and families, while the MRC Singing Contest in September attracted more than 400 attendees. In July, we gathered over 200 retiring colleagues at the "We are MTR" Retirees Celebration Lunch.

LISTENING AND RESPONDING TO EMPLOYEES

Connecting with staff is vital to achieving a vibrant and engaged workforce. Our Staff Consultation Mechanism helps management keep in close connection with more than 1,000 employee-elected staff representatives. We have quarterly meetings for the Staff Consultative Council ("SCC") and 50 Joint Consultative Committees to discuss matters of common concern. Apart from these meetings, we organised seven communication sessions with staff representatives and unions in 2025 to provide updates on the latest business developments and address staff

Staff Productivity – Earnings Per Employee*

(HK\$ million)



* Hong Kong businesses excluding property development

concerns. During the year, two SCC Annual Seminars were held to strengthen communication and collaboration among 54 new and existing SCC Councillors together with Management Representatives.

We continued to provide regular corporate updates to employees in Hong Kong and around the world via CEO Messages and CEO Blog posts, videos, focus groups, site visits and council meetings. We also held 14 management forums and meetings, including an Executive Managers Forum, Management Communication Meeting and CEO Focus Groups, to connect with managers from Hong Kong, Chinese Mainland and overseas hubs.

A CULTURE OF CONTINUOUS LEARNING

Training, development and career advancement are critical to the long-term success of MTR and its staff. In 2025, we provided over 1,300 training courses and an average of 7.7 training days per employee in Hong Kong.

In 2025, we bolstered our smart railway maintenance strategy by introducing specialised training programmes in cutting-edge areas such as robotics and data analytics. To further the Company's application of new technologies and support the new generation workforce, more than 500 Railway Technical Trainees participated in newly developed training courses covering advanced topics such as robotic arm operations and 3D model scanning, and approximately 1,500 employees participated in numerous AI webinars and workshops. We also continued to expand our Corporate Development Ladder programme, which enhances the skills and readiness of newly promoted or joined middle managers by strengthening leadership capabilities, boosting self-awareness, reinforcing MTR's corporate culture and DNA, and fostering collaboration.

Investor Relations

MTR is regarded as a leader in investor relations, one 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 and research analysts as well as 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 2025, we held approximately 480 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 2025 AGM are set out in the "Annual General Meeting" section of the "Corporate Governance Report" on pages 98 to 99 of this Annual Report.

ACCESS TO INFORMATION

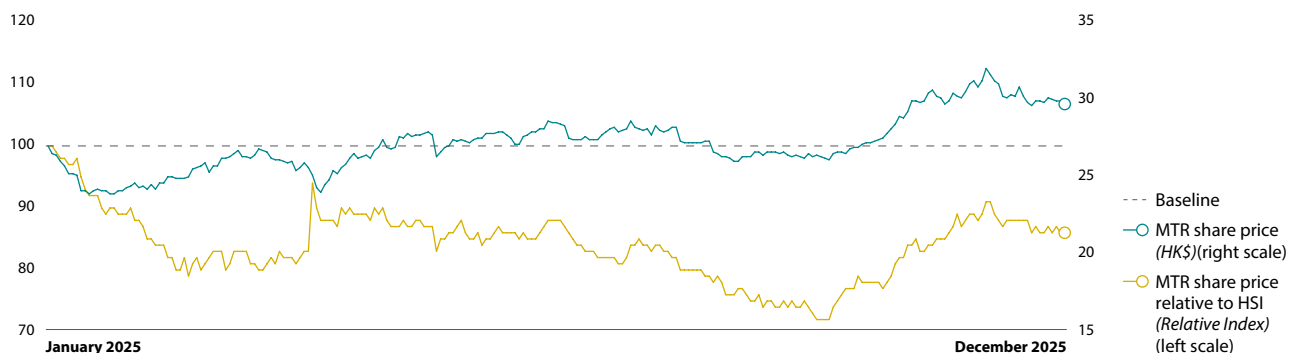
Our corporate website provides investors with equal and timely access to Company information. The Investor Information section provides details on our financial performance in readily accessible form. Financial reports, patronage figures, Notable Events/IR News and Stock Exchange filings are all accessible 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 2026

Announcement of 2025 annual results	12 March
Annual General Meeting	27 May
Ex-dividend date for 2025 final dividend	29 May
Book closure period for 2025 final dividend	2 Jun to 5 Jun
2025 final dividend payment date	22 June
Announcement of 2026 interim results	August
Ex-dividend date for 2026 interim dividend	August
Book closure period for 2026 interim dividend	August
2026 interim dividend payment date	September/October
Financial year end	31 December

DIVIDEND INFORMATION

Dividend per Share

	(in HK\$)
2024 Total Ordinary Dividend	1.31
2025 Interim Ordinary Dividend	0.42
2025 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 2025

Ordinary Shares

Shares outstanding	6,224,823,171 shares
Hong Kong SAR Government Shareholding	4,634,173,932 shares (74.45%)
Free float	1,590,649,239 shares (25.55%)

Market Capitalisation

As at 31 December 2025	HK\$ 185,500 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 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, our annual/interim reports are 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

Robust corporate governance underpins the Company's commitment to fulfilling its purpose and achieving its vision, while ensuring long-term, sustainable value for all stakeholders. This Report outlines the corporate governance practices adopted by the Company and explains how the principles and code provisions in Appendix C1 (Corporate Governance Code) to the Listing Rules (the "CG Code") have been implemented.

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 74 to 75 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 2025 covering the period from 1 January to 31 December 2025 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.

PURPOSE, VISION, CORPORATE STRATEGY, VALUES AND CULTURE

The Company's purpose was established and exists today to "Keep Cities Moving". Through the Company's transportation network and property developments, it enables cities and their people to move forward and make progress. And through the fulfilment of the Company's purpose, it creates long term sustainable value for all of the Company's stakeholders – customers, employees, supply chain and the community.

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 the Chinese Mainland 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 2025.

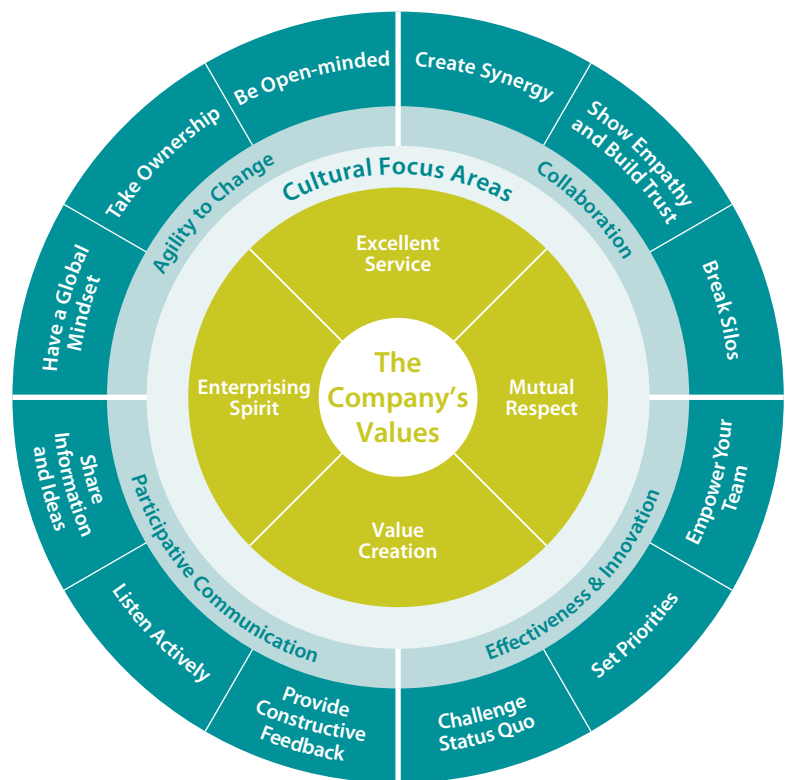
A Board Strategy Workshop was organised in January 2025 for the Board Members, Alternate Directors and Members of the Executive Directorate to discuss how the Company should work in tandem to address current and evolving challenges and align future strategic priorities to sustain long-term business growth. Following the Board Strategy Workshop in January 2025 and the Board Strategy Implementation Progress Review in May 2025, a progress update on the latest development of the aligned future strategic priorities, along with the strategy implementation progress and achievements for 2025, was presented to the Board in December 2025.

The Board periodically reviews and refines the Corporate Strategy to reflect changes in the external environment. This ensures the Company remains well-prepared to address evolving challenges, including the delivery of its new rail project portfolio and other future infrastructure developments for Hong Kong, shifting travel and retail patterns, and the expectations of a new-generation workforce. The Company is currently developing a framework for a Medium-Term Business Plan – “Building for the Future 2030”. This five-year plan will be anchored on MTR’s current Corporate Strategy and aims to both address these external challenges and better prepare MTR for the next pivotal phase of development as the Company seizes the significant growth opportunities ahead.

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 purpose, vision, 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 (Participative Communication, Collaboration, Effectiveness & Innovation and Agility to Change) and associated attributes.

In 2025, the Company advanced its ONE MTR initiative, embedding the four cultural focus areas outlined above into colleagues’ daily work. These efforts strengthened our corporate culture and enhanced organisational effectiveness.



Corporate Governance Report

Participative Communication: Leaders engaged colleagues through CEO site visits, CEO focus groups, Executive Managers Forums, Management Communication Meetings and Business Unit/Function townhalls. Follow-up actions from the 2023 Employee Engagement Survey further reinforced two-way dialogue, deepened mutual understanding and strengthened cross-Business Unit/Function collaboration to leverage collective wisdom in achieving organisational goals.

Effectiveness and Innovation: During 2025, the Company continued to apply its railway expertise to research and development, partnering with government, academia and enterprises to explore digital and innovative solutions across four themes: Smart Mobility, AI and Deep Learning, Smart Operations & Maintenance, and Green & Inclusive Innovations. These initiatives earned 15 international awards at the 50th International Exhibition of Inventions of Geneva, underscoring the global recognition of MTR's innovation leadership.

Agility to Change: To enhance inclusivity and respond to evolving social expectations, the Company introduced several new services for our customers in both our railway and property businesses. As an example, the "Cat/Dog Carrying Scheme" was introduced in May 2025, allowing cats and dogs accompanied by owners to travel on the Light Rail system during weekends and public holidays. Developed through cross-functional collaboration, the initiative became a permanent scheme in September 2025, reflecting our agility and commitment in adapting to community needs and expectations.

Collaboration: Our work to deliver the Northern Link (NOL), part of the Northern Metropolis development for which the railway scheme was authorised in April 2025, exemplifies collaboration across our Business Units and Functions. The NOL Project Agreement (signed in July 2025) required strong partnership across our Business Units and Functions, each contributing specialist expertise and adopting innovative approaches to planning, financing and construction, reinforcing MTR's role in shaping sustainable communities.

Recognition and Learning: Cultural awareness was also strengthened through:

- The Living the MTR Values Award Scheme – recognising colleagues who embody Company values.
- The MTR Grand Awards for Outstanding Contribution – honouring individuals and teams for exemplary performance.

Selected Grand Awardees received ONE MTR recognition, highlighting contributions that created synergies and maximised effectiveness across Business Units and Functions.

The ONE MTR concept was further embedded in learning initiatives, including training programmes, team-building workshops and engagement events. In 2025, 12 webinars and seminars engaged over 2,000 participants, reinforcing cultural alignment.

The Company has also continued to embed its Environmental and Social ("E&S") Objectives and the Three Lines 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). The Three Lines Model is described in the section headed "Risk Management and Internal Control Systems" of this Report.

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 2025.

CORPORATE GOVERNANCE PRACTICES

Corporate governance is the collective responsibility of all Members of the Board, and the Board firmly believes that strong governance is essential to fulfilling the Company's purpose, achieving its vision, and ensuring sound management in the interests of all stakeholders. The Board actively pursues continuous improvement in corporate governance practices and responds promptly to identified opportunities for enhancement.

In 2025, The Hong Kong Institute of Certified Public Accountants (HKICPA) recognised the Company in the Most Sustainable Organizations ("MSO") Awards of the Large Market Capitalisation, in the newly created Elite Past Winners ("EPW") section. This is a significant achievement because the EPW section comprises high-performing companies and public sector organisations that have secured awards in the competition at least five times over the past 10 years, reflecting exemplary accomplishments in corporate governance and environmental, social and governance ("ESG") practices and performance. The MSO Awards affirm the Company's ongoing commitment to implementing high-quality corporate governance and ESG standards and reporting, enhancing shareholders' and stakeholders' value and upholding transparency, accountability and responsible decision-making.

During the year, the Company has complied with many of the revised CG Code requirements effective 1 July 2025, including (1) no Independent Non-executive Director ("INED") concurrently holding directorships in more than six listed issuers; (2) no INED serving on the Board for more than nine years; and (3) the Nominations Committee conducting an annual review of the Board Diversity Policy. The Company updated the terms of reference of its 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 2025, the Company has complied with the code provisions as set out in the CG Code.

THE BOARD OF DIRECTORS

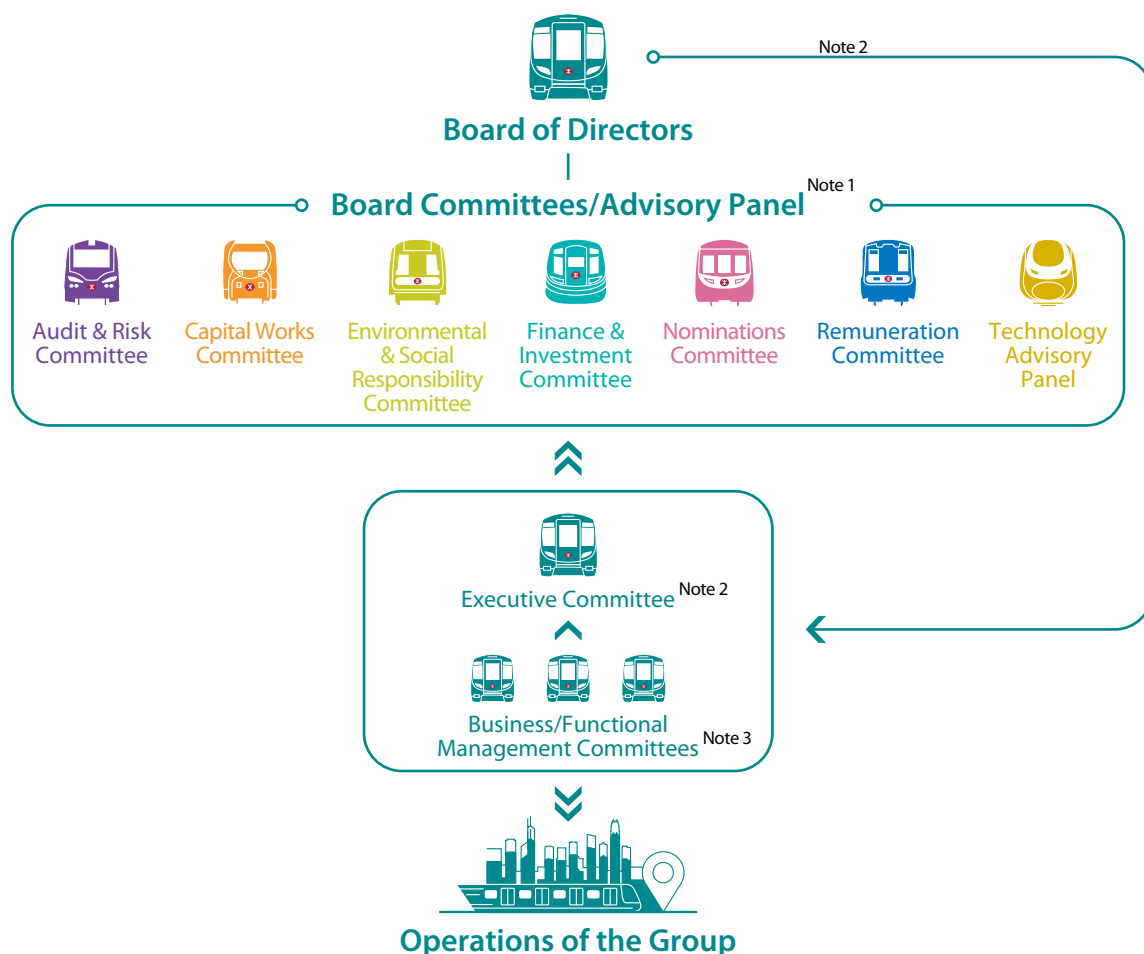
Overall Management

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.

Corporate Governance Report

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 eight other Members of the Executive Directorate, making a total of nine members.
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 115 to 130 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 2025, 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.

Drawn 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 roles of the Chairman and the CEO are distinct and separate. The Chairman chairs and manages the operation of the Board, provides leadership, monitors the performance of the CEO and other Members of the Executive Directorate, facilitates open and timely exchange of views among Board Members, ensures the Board receives sufficient information to discharge its duties and establishes and oversees the Company’s corporate governance practices, while the CEO heads the Executive Directorate and is accountable to the Board for managing the Company’s business, chairs the Executive Committee and serves as a bridge between the Board and management.

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 2025 are set out on pages 87 to 88 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 100 to 102;
- “Capital Works Committee Report” on page 108;
- “Finance & Investment Committee Report” on page 109; and
- “Remuneration Committee Report” on pages 110 to 114.

Nominations Committee

The Nominations Committee consists of five NEDs, including three INEDs, with an INED serving as the Chairman. The Committee currently includes two female members.

During the year, the terms of reference of the Nominations Committee were amended to comply with certain new provisions of the CG Code which took effect 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.

Corporate Governance Report

Principal responsibilities:

- 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:

- Annual review of the structure, size and composition (including skills, experience and perspectives) of the Board, concluding that the Board possesses a balanced mix of skills, experience and diversity of perspectives;
- Review of the amendments to the Nomination Policy and the BD Policy, with the Committee concluding that both policies continue to be appropriate and effective;
- 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 21 May 2025 (the “2025 AGM”);
- Nomination of new Members of the Board (i) for appointment by the Board during 2025; and (ii) for election at the 2025 AGM; and
- Succession planning for the Board.

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.

In March 2026, the Nominations Committee, among other things, (i) assessed each Member of the Board’s time commitment and contribution to the Board, directorships of other listed issuers and other significant external time commitments; and (ii) conducted an overall review of the training undertaken by Members of the Board during the year 2025.

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 61 to 63) 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 2024 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
- Reviewed the progress of various community 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, Internal Audit Functions and for ESG Performance and Reporting" under the section headed the "Risk Management and Internal Control Systems" (page 95) of this Report.

Technology Advisory Panel

The Technology Advisory Panel consists of three 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, 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, 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 2025, 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.

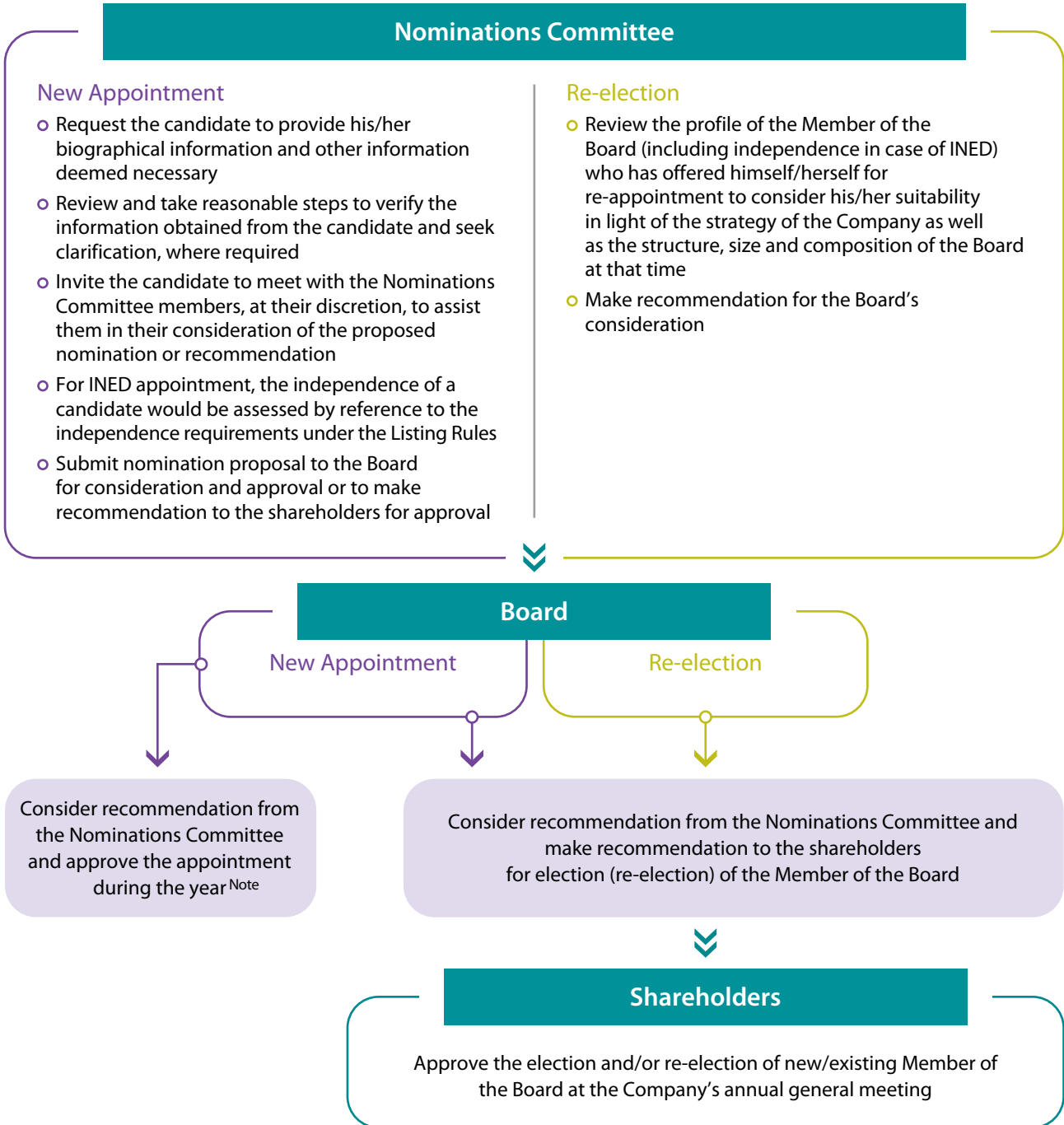
Nomination Policy

The Nomination Policy (the "Nomination Policy") sets out the process and procedures 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 CG Code effective 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, the 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, the Company set a target of achieving 25% female members on the Board by 2025, as noted in the Company's BD Policy. This target has been achieved, with the Board currently having six female members, representing over 33% of the Board membership and, as at the date of this Report, all Board Committees and the Advisory Panel of the Company having at least one female member, with the Audit & Risk Committee being chaired by a female member. Taking account of this progress, the Company updated its BD Policy in March 2025 to provide that, while Board appointments will continue to be made on a merit basis in accordance with the Company's Nomination Policy, 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 Directors are female.

The Company's updated BD Policy is available on the Company's website (www.mtr.com.hk). It 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 Ms Susanna Shen Shuk-ching as an INED, Ms Jeny Yeung Mei-chun as an ED and Dr Jacob Kam Chak-pui as a NED during the year.

The Nominations Committee and the Board formed the view that Ms Shen (having extensive experience in information technology), Ms Yeung and Dr Kam (being appointed in their new roles) would be valuable additions to the Board and would further broaden 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:

Gender



Male (11)



Female (7)

Designation



INED (12)



NED (5)



ED (1)

Age Group



<50 (1)



50-54 (2)



55-59 (3)



60-64 (5)



65-69 (5)



≥70 (2)

Number of Years as Board Members (Years)



0-1 (4)



2-3 (5)



4-5 (5)



≥6 (4)

Outside Directorships (Number of listed companies)



0 (11)



1-2 (6)



3-4 (1)

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.

In addition, during 2025, all Members of the Board completed a Board Skillset Confirmation. The results showed that (i) many Members possess the full range of the Company’s desired skills, experience and perspectives (the “Skillsets”); and (ii) most Skillsets are represented by at least half of Board Members, each demonstrating a good level of understanding, substantial experience and/or holding a relevant professional qualification, where applicable.

The following is a consolidated summary of the Skills Matrix of the Board Members. The percentage shown for each Skillset represents the weighted average percentage of Board Members who have a good level of understanding, substantial experience and/or a relevant professional qualification in that area.



The following describes the Skillsets in more detail and explains how they are connected to and therefore why they are required to support the Company’s purpose, strategy, values and culture:

- **Business related experience** including risk management, human resources management, strategic planning, multi-national company experience and passenger/customer viewpoint:
 - ✓ Supports strategic planning, risk management and customer focus: driving value creation and innovation aligned with the Company’s purpose
- **Compliance related experience** including listed company experience and experience in ESG matters:
 - ✓ Ensures robust governance, transparency and sustainability: upholding integrity and long-term value in line with Company values
- **Industry related experience** including railway operations, engineering, construction and infrastructure, property development, planning/urban development, commercial/business operations and overseas business growth and management:
 - ✓ Supports operational excellence and informed decision making: maintaining high service standards and fostering continuous improvement
- **Professional expertise** including accounting and finance, legal and regulatory:
 - ✓ Strengthens financial and legal oversight: promoting accountability, trust and high performance for strategic success

- **Public administration** including Government liaison, Hong Kong political environment, government relations in the Chinese Mainland and public affairs/communications:
 - ✓ Facilitates effective stakeholder engagement and policy influence: building collaboration and trust with communities and authorities
- **Technology**, particularly in the areas of artificial intelligence, digital and cyber security:
 - ✓ Drives innovation and digital transformation, while managing the associated risks: supporting agility, excellent service and future growth

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 its practices and policies and to increasing the diversity of its workforce.

The Company achieved several D&I related KPIs in 2025. A series of follow-up actions from the D&I survey were initiated, including a campaign to promote digital accessibility in workplace. During the year, the Company continued to organise the one-year “EmpowerZ” Youth Placement Pilot Programme for Diverse Talents to support the employment of people with disabilities or from ethnically diverse backgrounds. In 2025, the programme received the “Inclusive Collaboration Award” in “Caring Employer Medal” organised by Labour & Welfare Bureau of Government and was featured as a best practice showcase in the policy bulletin of Hong Kong Council of Social Service (HKCSS). 12% of the Company’s summer interns were ethnically diverse or persons with disabilities and the Company continued to participate in the CareER Disability Inclusion Index and was awarded the “CareER Disability Inclusive Employer Badge”.

In 2025, the Company also received the “Level 3: Disability Inclusive Pioneer” Award from the inaugural “Caring Employer” Medal (top 10% of companies) organised by the Labour and Welfare Bureau and three Gold Awards from the Racial Diversity & Inclusion Employers Award Scheme organised by the Equal Opportunities Commission.

During the year, the Company adopted a new Workforce Diversity Policy. In March 2026, this Policy was reviewed by the Executive Committee, who confirmed its appropriateness and effectiveness. 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.

The gender ratio of the senior management of the Company as at 31 December 2025 was approximately 56% male (five members) and 44% female (four members). The Company’s senior management refers to the Members of Executive Directorate who are disclosed in the Annual Report in accordance with paragraph 12 of Appendix D2 to the Listing Rules.

For the gender distribution of the workforce as a whole (excluding the senior management) in 2025, please refer to the information disclosed in the Sustainability Report 2025.

INED INDEPENDENCE

For the year ended 31 December 2025, 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.
Length of tenure	<ul style="list-style-type: none"> 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. The length of tenure and current period of appointment of each Member of the Board are set out in the biographies on pages 115 to 125 of this Annual 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 87 to 88 of this Report.
Overboarding	<ul style="list-style-type: none"> 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.

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 2025.

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 and (where applicable) their Alternate Directors and all Members of the Executive Directorate have complied with the Model Code throughout the year.

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.

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 2025 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 2025:

- 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 other meetings, has also enabled all Members of the Board, Board Committees/Advisory Panel and the Executive Committee to access meeting documents and to 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.

The Company reminds each Member of the Board and Alternate Director to update his/her "Declaration of Other Directorships, Major Appointments and Interests" on a quarterly basis. Each of them is also 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 Transactions" and "Continuing Connected Transactions" (pages 142 to 162) 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 2025 (six Regular Meetings, one Special Meeting and three 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 Company's strategic and financial challenges, sustainable funding models for future railway lines, the Company's strategies for its property and international businesses, technology concerns around, for example, data management and people issues regarding AI talent and upskilling.

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 2025 included:

- Corporate Strategy:
 - Receipt of reports on the strategy implementation;
- Environmental, Social and Governance:
 - Annual review of the size, structure and composition of the Board and the Company's corporate governance functions for 2024; annual assessment of (i) the independence of the INEDs; and (ii) the effectiveness of the Company's risk management and internal control systems for 2024;
 - Recommendation of the appointment of a new Member of the Board and the re-election of certain retiring Members of the Board for approval by shareholders at the 2025 AGM;
 - Approval of (i) changes in the composition of Board Committees/Advisory Panel; (ii) amendments to the Nomination Policy, BD Policy and List of Desirable Skills/Experience/Perspectives; and (iii) annual update of the Directors' Manual;

Corporate Governance Report

- Approval of Sustainability Report 2024; and
- Receipt and consideration of 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;
 - Receipt of report on the review of the controlled fares for 2025 under the Fare Adjustment Mechanism;
 - Approval of the 2025 fare adjustment for the Airport Express;
 - Approval of the award of a major contract in relation to lifts and escalators; and
 - Approval of a franchise agreement for banking services;
- Capital Works:
 - Approval of the award of a construction contract for Hung Shui Kiu Station on the Tuen Ma Line;
 - Review of future project proposals; and
 - Receipt of an update on the Northern Link Project;
- Property:
 - Review of a new tenancy proposal for an investment property;
 - Approval of tender arrangements and property project costs budget for Tuen Mun A16 Station Package One Property Development; and
 - Review of the “new normal” and the strategy for the Company’s retail business;
- Chinese Mainland and International Businesses:
 - Receipt of 2024 annual update on the Chinese Mainland and Macao businesses;
 - Receipt of progress update on a Transit-Oriented Development project in Chinese Mainland; and
 - Approval for a tender submission for an integrated station development project in Australia;
- Financial:
 - Review and approval of the 2024 Annual Report and the 2025 Interim Report and the respective financial statements;
 - Receipt of the annual shareholder analysis and investor feedback;
 - Receipt of an update on the implementation of the Company’s financial strategy;
 - Receipt of an update on the implementation of a major enterprise resource planning system;
 - Approval of the annual update of the Debt Issuance Programme;
 - Approval of the 2026 Budget and 10-Year Forecast;
 - Approval of additional funding required for future financing needs; and
 - Approval of forfeiture of unclaimed dividends;
- Human Resources:
 - Approval of the 2025 Annual Pay Review; and
 - Review of the Executive Share Incentive Scheme;
- Corporate Affairs:
 - Receipt of quarterly updates on corporate communications and reputation management.

Special Meeting

During 2025, a Special Meeting was held to note or approve (as applicable) an operations and maintenance project in Chinese Mainland, an action plan in response to the Tseung Kwan O Line incident on 22 May 2025 and a further update on the Company’s financing strategy and the Northern Link (Part 1) Project Agreement for the Northern Link.

Private Meetings

During 2025, three Private Meetings were held to discuss the Company’s management succession, to approve the appointments of the new CEO and a new NED and to approve the changes in the composition of Board Committees.

The Company Secretary or her delegate prepares Board meeting minutes, recording matters discussed, decisions made and any concerns or dissenting views. Draft minutes are circulated to all Board Members for comments within a reasonable time after the meeting. The Board formally adopts the minutes at the next meeting, incorporating any agreed changes. Final minutes are kept by the Company Secretary and are available for inspection 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 87 to 88 of this Report.

Members of the Board and the Executive Directorate Attendance of Meetings in 2025

	Board Meetings			Board Committees/Advisory Panel Meetings							2025 AGM
	RM	SM	PM	A&RC	NC	RC	CWC	E&SRC	F&IC	TAP	
Total Number of Meetings	6	1	3	4	3	3	5	2	7	6	1
Members of the Board											
Non-executive Directors (“NED”)											
Dr Rex Auyeung Pak-kuen (Chairman) ⁽¹⁾	6/6	1/1	3/3		3/3	3/3		2/2 ^C			1/1
Christopher Hui Ching-yu ^{#(2)} (Secretary for Financial Services and the Treasury)	2/6	0/1	0/3			1/3			2/7		0/1
Secretary for Transport and Logistics (Mable Chan) ^{#(3)}	4/6	1/1	1/3		1/3	1/3					0/1
Permanent Secretary for Development (Works) (Ricky Lau Chun-kit) ^{#(4)}	6/6	1/1	3/3				2/5			2/6	0/1
Commissioner for Transport (Angela Lee Chung-yan) ^{#(5)}	6/6	1/1	3/3	4/4				1/2			0/1
Independent Non-executive Directors (“INED”)											
Andrew Clifford Winawer Brandler	5/6	1/1	2/3	4/4					6/7 ^C		1/1
Dr Bunny Chan Chung-bun	6/6	1/1	3/3			2/3		2/2			1/1
Cheng Yan-kee	6/6	1/1	3/3			3/3	5/5 ^C				1/1
Hui Siu-wai	6/6	1/1	3/3			3/3	5/5				0/1
Ayesha Macpherson Lau	6/6	1/1	3/3	4/4					7/7		1/1
Professor Sunny Lee Wai-kwong	6/6	1/1	3/3				5/5			6/6 ^C	1/1
Jimmy Ng Wing-ka	6/6	1/1	3/3		3/3					6/6	0/1
Susanna Shen Shuk-ching ⁽⁶⁾	3/3	1/1	2/2				3/3			4/4	1/1*
Dr Carlson Tong ⁽⁷⁾	5/6	0/1	2/3	3/4	1/2 ^C				2/2		1/1
Sandy Wong Hang-yee	6/6	1/1	3/3		3/3			2/2			1/1
Adrian Wong Koon-man ⁽⁸⁾	6/6	0/1	2/3	3/3		3/3 ^C			2/2		1/1
Professor Anna Wong Wai-kwan	6/6	1/1	3/3	4/4 ^C					7/7		1/1
Executive Director											
Dr Jacob Kam Chak-pui (CEO) ⁽⁹⁾	6/6	1/1	1/1					1/2			1/1
Members of the Executive Directorate & the Executive Committee											
Dr Jacob Kam Chak-pui (CEO) ⁽⁹⁾	6/6	1/1	1/1					1/2			1/1
Jeny Yeung Mei-chun ⁽¹⁰⁾											1/1
Margaret Cheng Wai-ching								2/2			1/1
Linda Choy Siu-min											1/1
Carl Michael Devlin											1/1
Michael George Fitzgerald											1/1
Gillian Elizabeth Meller								2/2			1/1
David Tang Chi-fai											1/1
Sammy Wong Kwan-wai											1/1
Members departing during 2025											
INED											
Walter Chan Kar-lok ⁽¹¹⁾	3/3	N/A*	1/1		1/1 ^C		2/2				1/1
Member of the Executive Directorate & the Executive Committee											
Dr Tony Lee Kar-yun ⁽¹²⁾											N/A

Corporate Governance Report

Legend:

Board Meetings

RM – Regular Meeting
SM – Special Meeting
PM – Private Meeting

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

2025 AGM – Annual General Meeting of the Company held on 21 May 2025

N/A – Not applicable

***** – Appointed/ceased after the conclusion of the 2025 AGM

C – Current chairperson

C – Ceased to be chairperson during 2025

– 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. *Dr Rex Auyeung Pak-ken retired from the position of Chairman and also retired as a Director, the chairman of the E&SRC and a member of each of the NC and the RC of the Company when his tenure expired after 31 December 2025.*
2. *The alternate directors of Mr Christopher Hui Ching-yu (Secretary for Financial Services and the Treasury), acting on his behalf, attended four RM, one SM, three PM, two RC and four F&IC meetings.*
3. *The alternate directors of the Secretary for Transport and Logistics (Ms Mable Chan), acting on her behalf, attended two RM, two PM, two NC and two RC meetings.*
4. *The alternate director of the Permanent Secretary for Development (Works) (Mr Ricky Lau Chun-kit), acting on his behalf, attended three CWC and four TAP meetings.*
5. *The alternate director of the Commissioner for Transport (Ms Angela Lee Chung-yan), acting on her behalf, attended one E&SRC meeting.*
6. *Ms Susanna Shen Shuk-ching was elected as a Member of the Board and became an INED with effect from the conclusion of the 2025 AGM, and was appointed by the Board as a member of each of the CWC and the TAP of the Company at the same time.*
7. *Dr Carlson Tong was appointed by the Board as the chairman of the NC of the Company and ceased to be a member of the F&IC of the Company, both with effect from the conclusion of the 2025 AGM.*
8. *Mr Adrian Wong Koon-man was appointed by the Board as a member of the F&IC of the Company and ceased to be a member of the A&RC of the Company, both with effect from 14 October 2025.*
9. *Dr Jacob Kam Chak-pui was appointed as a NED of the Company upon the expiry of his term as the CEO with effect from 1 January 2026, whereupon he also ceased to be a Member of the Executive Directorate. He was appointed as the Chairman of the Company with effect from 1 January 2026 until 31 December 2028 (both dates inclusive). At the same time as Dr Kam became the Chairman of the Company, he also became the chairman of the E&SRC and a member of each of the NC and the RC. For the avoidance of any actual or perceived conflict of interest, Dr Kam was not invited to attend the two PMs at which the discussions were related to management succession, his appointment as a new NED and changes in the composition of Board Committee.*
10. *Ms Jeny Yeung Mei-chun was appointed as the CEO and a member of the E&SRC of the Company upon the expiry of Dr Jacob Kam Chak-pui's term as the CEO, all with effect from 1 January 2026. She was appointed as a Director with effect from the same date and continues to be a Member of the Executive Directorate.*
11. *Mr Walter Chan Kar-lok retired as an INED and ceased to be the chairman of the NC and a member of the CWC of the Company, all with effect from the conclusion of the 2025 AGM.*
12. *Dr Tony Lee Kar-yun retired from the Company after 30 April 2025 upon completion of his service agreement with the Company. Accordingly, he ceased to be the Operations and Innovation Director, a Member of the Executive Directorate, and a director of several subsidiaries of the Company, all with effect from 1 May 2025.*

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. This advice 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.

During the year, the following newly appointed Directors received the Legal Advice on the respective dates set out below, and they acknowledged and confirmed in writing their understanding of their obligations as a director of a listed issuer.

Name	Position	Date of Receipt of the Legal Advice	Date of Appointment
Susanna Shen Shuk-ching	Member of the Board	15 April 2025	21 May 2025
Jeny Yeung Mei-chun	Member of the Board	1 December 2025	1 January 2026
Jacob Kam Chak-pui	Member of the Board	22 December 2025	1 January 2026
Kevin Choi	Alternate Director	11 April 2025	14 April 2025
Vic Yau Cheuk-hang	Alternate Director	4 November 2025	17 November 2025
Anson Lai Yat-ching	Alternate Director	10 November 2025	20 November 2025
Wilson Kwong Wing-tsun	Member of the Executive Directorate	11 December 2025	28 January 2026

In addition to the above, a familiarisation programme to understand the key areas of the Company's business and operations is arranged for new appointees.

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 covered (i) the updated Corporate Governance Guide for Boards and Directors published by the Stock Exchange in May 2025; (ii) the requirement for disclosure of significant external time commitments; and (iii) miscellaneous housekeeping updates.

Training and Continuous Professional Development

Members of the Board and the Executive Directorate

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. 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.

In order to comply with the new Listing Rules requirements, effective 1 July 2025, in addition to the existing resources mentioned in the above paragraph, the Company has arranged a structured continuous professional development ("CPD") training programme covering, inter alia, the five topics set out in Rule 3.09G of the Listing Rules for Members of the Board, Alternate Directors and Members of the Executive Directorate to attend at their convenience. Since the new Listing Rules requirements apply to corporate governance reports in respect of financial years commencing on or after 1 July 2025, the Company will continue to refine the disclosures in next year's report to provide further details as required by the Listing Rules.

Each of the Members of the Board as at 31 December 2025 has provided the Company with a confirmation of the CPD training undertaken by them in 2025. During the year, the total number of CPD training hours undertaken by Members of the Board was approximately 596 with the average number of training hours per Board Member being approximately 33.

Corporate Governance Report

Based on the confirmations received, the details of the CPD training undertaken by each of the Members of the Board are set out below:

	CPD Training Topics							Others
	The roles, functions and responsibilities of the Board, its committees and its directors, and board effectiveness	The Company's obligations and directors' duties under Hong Kong law and the Listing Rules, and key legal and regulatory developments	Corporate Governance and ESG matters	Risk management and internal controls	Updates on industry-specific developments, business trends and strategies relevant to the Company			
Members of the Board (as at 31 December 2025)								
Non-executive Directors								
Dr Rex Auyeung Pak-kuen (Chairman)	●	●	●	●	●	●	●	●
Christopher Hui Ching-yu (Secretary for Financial Services and the Treasury)		●	●	●	●	●	●	
Secretary for Transport and Logistics (Mable Chan)		●	●	●	●	●	●	●
Permanent Secretary for Development (Works) (Ricky Lau Chun-kit)		●	●	●	●	●	●	
Commissioner for Transport (Angela Lee Chung-yan)	●	●	●	●	●	●	●	
Independent Non-executive Directors								
Andrew Clifford Winawer Brandler		●	●	●	●	●	●	
Dr Bunny Chan Chung-bun	●	●	●	●	●	●	●	
Cheng Yan-kee		●	●	●	●	●	●	
Hui Siu-wai	●	●	●	●	●	●	●	
Ayesha Macpherson Lau	●	●	●	●	●	●	●	●
Professor Sunny Lee Wai-kwong		●	●	●	●	●	●	●
Jimmy Ng Wing-ka		●	●	●	●	●	●	●
Susanna Shen Shuk-ching	●	●	●	●	●	●	●	●
Dr Carlson Tong	●	●	●	●	●	●	●	●
Sandy Wong Hang-yee	●	●	●	●	●	●	●	●
Adrian Wong Koon-man	●	●	●	●	●	●	●	●
Professor Anna Wong Wai-kwan		●	●	●	●	●	●	●
Executive Director and a Member of the Executive Directorate								
Dr Jacob Kam Chak-pui (CEO)	●	●	●	●	●	●	●	●

- Internal training: attendance or participation in management briefings, site visits and workshops organised by the Company
- External training: attendance or participation in seminars, webinars and conferences provided by external service providers or regulators
- Self-study: reading materials or e-learning

In relation to the CPD training of the Alternate Directors and Members of the Executive Directorate as at 31 December 2025, each of them has also provided the Company with a confirmation of the CPD training undertaken in 2025. During the year, the total CPD training hours undertaken by them were as follows:

	Total training hours (approx.)	Average training hours per person (approx.)
Alternate Directors	51	6
Members of Executive Directorate	486	54

Senior Executives

On-going learning programmes are offered to 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 is 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 2025, and of the Group's consolidated financial performance and consolidated cash

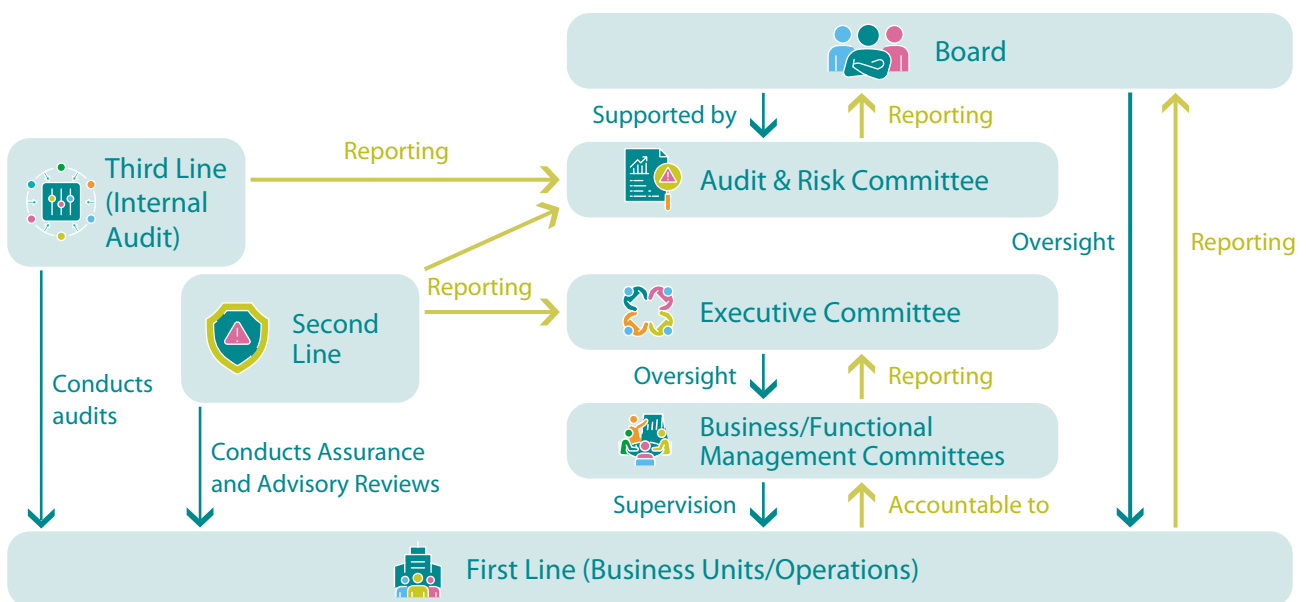
flows for the year then ended. In preparing the consolidated financial statements for the year ended 31 December 2025, Members of the Board have selected appropriate accounting policies and have applied them consistently with previous financial periods, apart from those new and amended accounting policies effective from 1 January 2025 as disclosed in the notes to the consolidated financial statements for the year ended 31 December 2025. 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 97 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 understandable 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 the Three Lines Model, pursuant to which the First Line owns and manages risks, the Second Line carries out assurance and provides advisory support in key risk areas and the Third Line (i.e. Internal Audit) provides the highest degree of independent assurance. The below diagram illustrates the roles played by the Three Lines.



The Board is responsible for the risk management and the internal control systems of the Company and its subsidiaries and confirming that the system are appropriate and effective on an annual basis. With the assistance of the Audit & Risk Committee as mentioned in the Audit & Risk Committee Report on pages 100 to 102 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 and reviews the effectiveness of the systems at least annually.

The Company has continued to demonstrate its commitment to robust governance and effective risk management across all Business Units by implementing the Three Lines Model. Pursuant to this model, Second Line activities are managed by the Legal & Governance function with its Centres of Excellence in technical, engineering, safety, quality, environment, risk, assurance and commercial disciplines. Second Line assurance activities span across all Business Units of the Company as well as critical corporate projects and initiatives.

Corporate Governance Report

In 2025, the Company commissioned an independent advisory review of its Second Line, conducted in collaboration with an external consulting firm. The review confirmed that the Company's Second Line is operating effectively and that the Company has implemented proactive measures such as standardised assurance procedures, formalised escalation processes and enhanced coordination with other Lines. To further optimise governance, the Company is introducing a formal mandate for its Three Lines Model, exploring innovative resourcing models and developing a comprehensive Assurance Map to provide the Board and Executives with greater visibility over risk management and assurance activities with a view to closing any gaps identified and eliminating overlaps. These initiatives underscore the Company's commitment to transparency, accountability and continuous improvement in governance practices.

The ERM system and the internal control system, with processes put in place by the Board, management and other personnel, have been established and are maintained to assist the Company in achieving its objectives in the areas of the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with applicable laws and regulations.

Systems Overview

The Executive Committee is responsible for:

- Implementing the Board's policies on risk management and internal controls;
- Identifying and evaluating (including through the identification of appropriate mitigation measures) the risks faced by the Company for consideration by the Board;
- Designing, implementing and monitoring a suitable internal control system and risk management system; and
- Providing the Board with a confirmation that these systems are effective.

In addition, all employees are responsible 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 operational, reporting 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 his opinion on the effectiveness of the Company's internal control system.

To ensure the IAD's conformance with the Institute of Internal Auditors' Global Internal Audit Standards, 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 103 to 107) of this Annual Report.

In 2025, the Company took steps to update its ERM Manual, enhancing risk register content and streamlining the enterprise level risk profile (consolidating enterprise risks under Principal Risk Areas) and has deployed risk dashboards which make reference to quantitative key risk indicators, risk control effectiveness assessments and assurance information from across the Three Lines 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.

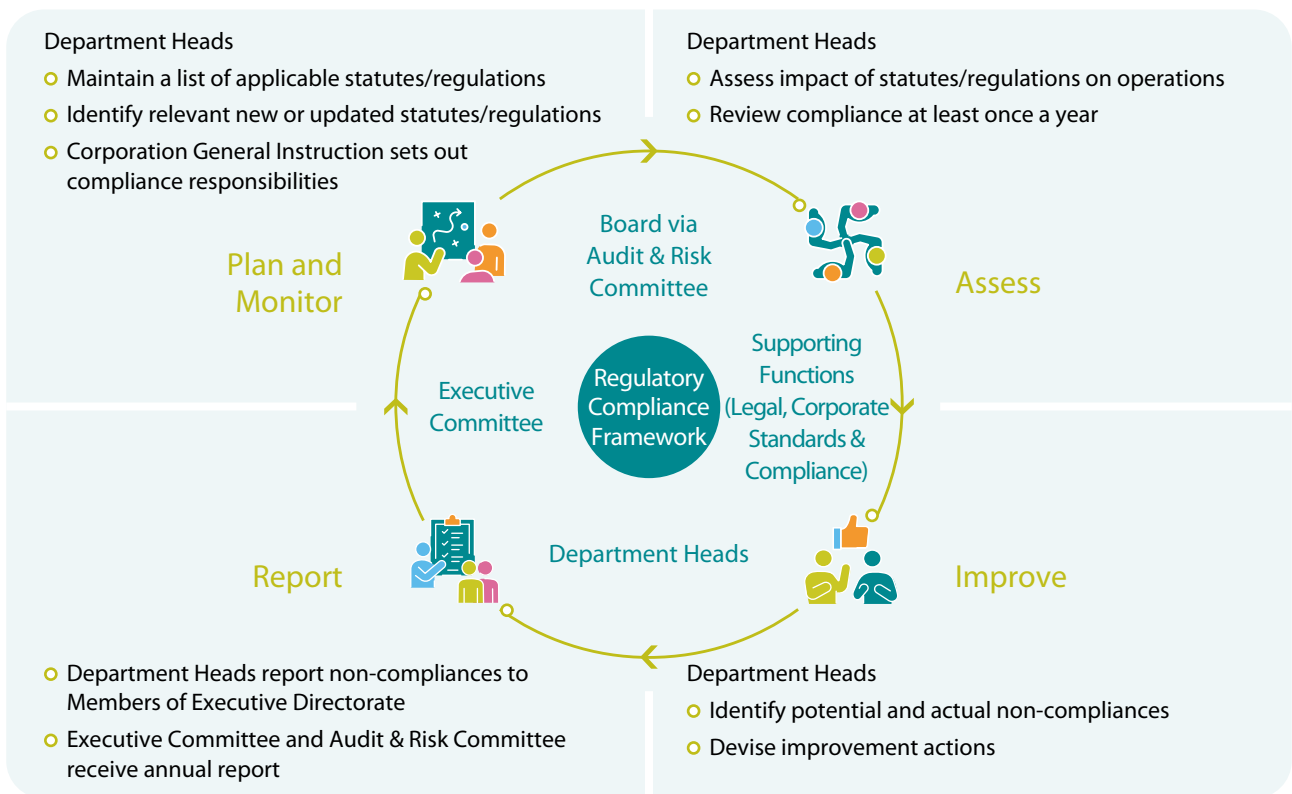
Directors and Department Heads of Business Units/Functions, including General Managers/Project Managers for overseas subsidiaries/projects, are required to conduct annual assessments and certifications on the effectiveness of risk management and internal control systems within their areas of responsibility,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

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 handle 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.

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 the Chinese Mainland and overseas.

For the year ended 31 December 2025, 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.

Details about the "Process of System Effectiveness Review" are set out in the Risk Management section (page 107) of this Annual Report.

Evaluation of the Effectiveness of the Internal Control System

For the year ended 31 December 2025, 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, Internal Audit Functions and for ESG Performance and Reporting

For the year ended 31 December 2025, the annual assessments performed by the Company's Finance Function, the IAD and the Environmental, Social & Governance Functions concluded that there were adequate resources, including 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 HKFRS Accounting 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 related to internal audit is in place. Resources and provisions required to deliver the internal audit function are critically reviewed during the annual budgeting exercise. 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 resources for the internal audit function, including staff qualifications and experience, training programmes and budget, 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, including 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, through the Audit & Risk Committee, oversees 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 2025 and considers that such systems are overall appropriate and effective, 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, including 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 2025, 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.

Regular crisis management exercises are conducted to validate the corporate crisis management mechanism and provide practical experience for team members. In 2025, two sessions of our annual Corporate Crisis Management Exercise under the theme "Mastering the Unexpected: Confronting Natural and Man-Made Disasters" were conducted. The primary objectives were to evaluate potential vulnerabilities at the corporate level and across Business Units, with a particular focus on responses to geopolitical risks and operational disruptions. The Corporate Crisis Management Team worked through realistic scenarios designed to challenge crisis response strategies and decision-making processes. Overall, the 2025 exercise marked a significant step in strengthening organisational resilience and enhancing preparedness for complex crises.

GOVERNANCE OF SUBSIDIARIES AND ASSOCIATES

The Company has a number of subsidiaries and associates which operate independent businesses in Hong Kong, Macao, Chinese Mainland 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.

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 a regular 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" and familiarise themselves with the corporate governance structure of the relevant subsidiaries or associates.

BUSINESS ETHICS

Practising integrity and responsible business ethics is paramount to the Company's continued success. The Code of Conduct (the "Code"), available on the Company's public website (www.mtr.com.hk), sets out clear ethical standards, requiring staff to act transparently and uphold the highest principles of fairness, impartiality, and integrity across all business operations.

The Code is reviewed and updated periodically to align with corporate strategies, practices and regulatory requirements. The latest version was released to all staff in January 2026 and shared across the hubs and subsidiaries in and outside Hong Kong to foster a consistent ethical culture. To continue strengthening staff awareness and compliance, two new training modules – "Respectful Working Environment" and "Acceptance and Offering of Gifts and other Advantages" – were launched in May and December 2025 respectively to reinforce guiding principles that support sound judgement and workplace understanding. Featuring real-life examples through

animated videos and interactive online games, these modules were well received, with about 7,500 staff participating, reflecting a strong commitment to upholding high ethical standards. Additional educational initiatives, including mandatory online training and ethical webinars on relevant ordinances, have also been introduced to further raise staff awareness.

To ensure adherence to the highest ethical standards, a policy on the prevention of bribery and corrupt practices is in place and reviewed regularly. Staff members are encouraged to report existing, potential or perceived violations of the Code and malpractices. Proper procedures under the whistle-blowing policy enable staff members (and others) to raise concerns in a safe and confidential environment if they have genuine suspicions of wrongdoing.

To help new staff members embrace the Company's values and ethical commitments, they are briefed on the Code during induction, and required to complete mandatory online training within three months of joining.

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 196 of this Annual Report.

To maintain independence and objectivity as the External Auditor of the Company, KPMG implements professional ethics and independence policies, procedures 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 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 has adopted a Shareholders' Communication Policy which is available on the website of the Company (www.mtr.com.hk).

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

- **As a general policy:** The Company (i) assigns dedicated management personnel to ensure effective and timely dissemination of information to shareholders; (ii) provides shareholders with ready access to balanced and understandable information about the Company; and (iii) facilitates shareholders' participation in annual general meetings, where Board Committee chairmen, management and auditors are available to answer questions.
- **More specifically:** (i) All major corporate communications (such as annual/interim reports, circulars, and announcements) are approved by the Board (except routine documents handled by the Executive Committee) and comply with the Listing Rules and relevant laws; (ii) annual and interim reports are prepared in both English and Chinese and made available on the Company's website; (iii) all corporate communications (except for actionable corporate communications) are disseminated by means of website; (iv) key documents and updates are accessible on the Company's website; and (v) investor and analyst briefings are arranged to facilitate communication between the Company, shareholders and the investment community. All communications with the investment community comply strictly with relevant laws and regulations.

Corporate Governance Report

- **Other aspects:** Shareholders can communicate their views on various matters affecting the Company and request information (to the extent publicly available) from the Board and management at any time via the Company Secretary. The Company has established various engagement channels to understand stakeholder views, all detailed on the Company's website. The Board reviews this policy annually to ensure its ongoing effectiveness.

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

Key Communication Channels	Engagements with Shareholders
2025 AGM	<ul style="list-style-type: none"> • Held in hybrid format, which provided shareholders with the option of attending the 2025 AGM physically or joining online • Submission of questions in advance of the 2025 AGM and/or real time in person or online during the 2025 AGM
Investor Meetings	<ul style="list-style-type: none"> • Approximately 480 meetings with institutional investors and analysts globally
Corporate Communications	<ul style="list-style-type: none"> • Approximately 50 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
Dividend Information	<ul style="list-style-type: none"> • Dividend Policy is available on page 67 of this Annual Report under "Investor Relations" section • Dividend payment history can be found on the Company's website

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 2025 and remains appropriate.

Dissemination of Corporate Communications

The Company has adopted the dissemination of corporate communications* by publication on website (except for actionable corporate communications#) after the Companies (Amendment) Ordinance 2025 came into operation on 17 April 2025. Corporate communications are available electronically on the Company's website at www.mtr.com.hk^ and the website of the Stock Exchange at www.hkexnews.hk. In addition, pursuant to the Listing Rules, actionable corporate communications are sent individually to each of the Company's shareholders. More details are set out in the section "Dissemination of Corporate Communications" on the Company's website at www.mtr.com.hk.

* Corporate communications refer to any documents from time to time issued by the Company to its shareholders including but not limited to (a) annual report; (b) interim report; (c) notice of meeting; (d) circular; and (e) proxy form

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

^ Shareholders may access the Company's corporate communications by clicking "Investor's Information" under the "About MTR" section on the home page of the Company's website, then selecting "Financials and Reports" for the annual and interim reports and "Announcements/Circulars" for other corporate communications

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. A notice period of at least 20 clear business days before the date of Annual General Meetings is given, which exceeds the requirement under the Listing Rules. 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 2025 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 2025 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 2025 AGM, a webcast of the whole proceedings was also posted on the Company's website for viewing after the meeting.

The 2026 AGM has been scheduled on 27 May 2026. 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 2026 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 2026 AGM.

Resolutions passed at the 2025 AGM

The Chairman proposed separate resolutions for each substantially separate issue at the 2025 AGM. Before the resolutions were considered, the Chairman exercised his right as the Chairman of the 2025 AGM under Article 71 of the Articles of Association to call a poll on all resolutions conducted by electronic means.

A total of 12 resolutions were passed at the 2025 AGM (with resolution no. 3 comprising six separate resolutions), all of which were supported by over 98% of the votes cast. The full text of the resolutions is set out in the 2025 AGM Circular (which comprised the Notice of the 2025 AGM) dated 11 April 2025 and the poll results of the 2025 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 66 to 67) 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 2025, 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, 12 March 2026

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 five Non-executive Directors, four 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. Details of the Committee’s membership and their attendance records during 2025 are set out on pages 87 to 88 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” (“Three Lines”) 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 91 to 95 of this Annual Report.

For further 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 103 to 107 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 2025

In 2025, 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 for the purpose of reporting and answering 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 reviewed the Company's annual and interim results announcements and financial statements at its February and August 2025 meetings, respectively. It also maintained close oversight of internal controls through receiving reports from the ERM, Second Line and internal audit teams at each regular meeting.

The Company has continued to demonstrate its commitment to robust governance and effective risk management across all Business Units by implementing the Three Lines Model. Pursuant to this model, Second Line activities are managed by the Legal & Governance function with its Centres of Excellence in technical, engineering, safety, quality, environment, risk, assurance and commercial disciplines. Second Line 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 2025 included:

Financial

- Reviewed the draft 2024 Annual Report, Annual Results Announcement and Financial Statements, 2025 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 Chinese Mainland investment properties;
- Received updates on the latest budget status of the Company's railway construction projects under entrustment by Government; and
- Received a preview of the 2025 interim and annual accounting, financial reporting issues and tax matters;

Internal Audit and Internal Control

- Reviewed a report on the evaluation of the effectiveness of the Internal Audit Department for 2024;
- Reviewed the continuing connected transactions for 2024;
- Reviewed Internal Audit Department's Quarterly Reports; and
- Approved the 2026 Internal Audit Plan;

Audit & Risk Committee Report

External Auditor

- Received KPMG's reports on the salient features of the 2024 Annual Financial Statements and 2025 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 2024 Annual Financial Statements and 2025 Interim Financial Statements respectively;
- Approved KPMG to provide ongoing non-audit services in 2025;
- Approved KPMG's fee proposal for the 2025 annual audit and the 2026 interim review, as well as other audit related and tax services; and
- Reviewed KPMG's audit plan for the year ending 31 December 2025;

Governance

- Reviewed the reports on compliance with statutes and regulations, the Operating Agreement and Rail Merger Related Agreements in 2024, and outstanding litigation/potential litigation;
- Endorsed the Audit & Risk Committee Report and Risk Management related disclosures for the 2024 Annual Report; and
- Reviewed summaries of the key issues reported to the Audit/Risk/Governance Committees of various subsidiaries and associates of the Company;

Risk Management and Assurance

- Reviewed the Risk Management and Internal Control Systems effectiveness paper for 2024 for submission to the Board;
- Reviewed ERM's 2024 Annual Report, 2025 Half Yearly Report and Quarterly Reports;
- Received Second Line's Quarterly Reports; and
- Received an annual update on the Company's insurance policies.

In addition to the above, the Committee also requested and received (i) a report on reviews carried out by the Second Line and the Internal Audit Department into the project management of a major enterprise resource planning system; (ii) a report from an external consulting firm on their advisory review of the Second Line undertaken to assess the current structure and effectiveness of the Second Line against its original objectives; and (iii) a presentation from the Capital Works Director on a potential delay issue associated with the Tung Chung Line Extension project.

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 2026 for approval by the Company's shareholders at the 2026 Annual General Meeting.

Professor Anna Wong Wai-kwan
Audit & Risk Committee Chair
Hong Kong, 12 March 2026

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 Executive Committee 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 November 2025, a "Blue Sky" workshop was held in which the Executives examined the Company's operational resilience against unexpected events and crises, and identified areas for continuous improvements.



* See the Audit & Risk Committee Report (pages 100 to 102 of this Annual Report) for duties and work performed by the Committee in 2025.

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.

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 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. In relation to the three rail incidents in 2025, namely the East Rail Line engineering train incidents in February and April respectively, as well as the Tseung Kwan O incident in May, the Company has formulated a series of improvement actions. These cover a special inspection of targeted critical assets, and measures including the use of technology to strengthen

- 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 Principal Risk Areas 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

Risk Management

the monitoring and management of railway assets to enhance operational resilience; plans for dealing with extreme scenarios facilitated by drills and training with strengthened decision-making and execution capabilities of staff during incidents; enhanced free shuttle bus arrangements and information dissemination to passengers; and community-based support to assist affected passengers as required.

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 2025, the Company took steps to update its ERM Manual, enhancing risk register content and streamlining the enterprise level risk profile (consolidating enterprise

risks under Principal Risk Areas) and has deployed risk dashboards which make reference to quantitative key risk indicators, risk control effectiveness assessments, and assurance information from across the Three Lines 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”).



* Areas below are not exhaustive

In addition, the ERC and the Executive Committee review the Company’s Principal Risk Areas and 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.

The Company has streamlined the enterprise level risk profile by consolidating enterprise risks under Principal Risk Areas to facilitate efficient, focused risk management and discussions. Key risk management focuses are as follows:

Complex Relationships with Stakeholders	
Key Challenges	<ul style="list-style-type: none"> Managing complex relationships with stakeholders and seeking to balance their sometimes competing expectations and requirements
Key Controls	<ul style="list-style-type: none"> Strategic and policy engagement with Government, Legislative Council, District Councils, politicians and influence groups Proactive, tailored communication with passengers, community and influence groups, anticipating needs and maintaining stakeholder confidence Monitoring of the political landscape and events, and their potential impact on the Company’s businesses Monitoring of public opinions and customer perceptions through public surveys, consultation sessions and customer feedback channels

Safe, Reliable and Resilient Rail Network

Key Challenges	<ul style="list-style-type: none"> Ensuring a safe, reliable and resilient railway network while addressing ageing assets, coordinating essential maintenance and complex project works alongside the operating railway, and responding to external challenges such as extreme weather events, passenger behaviour and demographic shifts
Key Controls	<ul style="list-style-type: none"> Manage railway assets throughout their lifecycle to ensure safe and efficient operation Design railway systems and equipment to be safe, meet applicable design standards and regulatory requirements, and establish processes, procedures, and systems of work to ensure safe railway operations Strengthen passenger safety through targeted awareness campaigns and frontline resource deployment Provide clear, timely and transparent communications and customer care support during service disruptions to minimise the impact Ensure incident management plans are tested, with regular crisis exercises, drills and tests Use technology and monitoring tools to detect early signs of anomalies for preventive maintenance Formulate measures to speed up recovery from extreme incident scenarios through a review of last-resort recovery procedures and readiness of specialised tools Prepare for extreme weather events through proactive planning and coordinated response

Delivery of Railway Projects

Key Challenges	<ul style="list-style-type: none"> Delivering railway projects, and managing project programmes and cost challenges arising from complex designs and significant integration with the existing rail network
Key Controls	<ul style="list-style-type: none"> Measures and processes ensuring engineering design, specifications, and technical standards of the rail system are robust, safe, and compliant with regulatory and operational requirements Controls to manage risks associated with the construction of infrastructure, including contractor performance, quality assurance, schedule adherence, and environmental compliance Processes to ensure all sub-systems (e.g., signalling, rolling stock, communications, power) are properly integrated and function cohesively as a complete rail system Mechanisms to manage financial, contractual, and procurement risks, ensuring value for money, cost control, and legal compliance throughout the project lifecycle Governance and assurance mechanisms to ensure projects are delivered on time, within scope and budget, and align with corporate objectives

Competent/Engaged/Motivated Resource

Key Challenges	<ul style="list-style-type: none"> Maintaining a competent and engaged workforce to deliver the Company's strategy, projects and operations
Key Controls	<ul style="list-style-type: none"> Establish competence standards, confirm performance requirements, identify, assess and develop (including through training) the skills, knowledge and experience required of employees to discharge their job responsibilities safely and effectively Implement a Performance Management System, and a compensation and benefits regime that are market competitive, driving employee satisfaction and retention Engender positive relationships and mutual respect between management and employees through staff consultation mechanisms, internal communication and feedback channels, reward and recognition schemes, employee engagement and motivation programmes Identify the Company's current and future needs for planning of recruitment and staff development initiatives to ensure availability of necessary resources Focus on talent attraction and acquisition, including employer branding activities, to attract and retain talent, promote a positive work culture, and foster employee engagement and loyalty Identify and develop employees with potential in succession planning for critical business positions

Financial Performance

Key Challenges	<ul style="list-style-type: none"> Diverse factors including evolving consumer patterns and traveller behaviours, the health of local and regional economies, geopolitical and macroeconomic uncertainties, and the need to secure funding for new extension projects and operating railway asset upgrades
Key Controls	<ul style="list-style-type: none"> Forward looking view of capital expenditure needs and prevailing market conditions to determine external fund-raising needs Implementation of capital optimisation programmes for new railway extension projects Implementation of prudent cost control and upholding of robust financial management Implementation of promotion and business initiatives to strengthen competitiveness and create new business opportunities Pursuit of growth opportunities in the Chinese Mainland and overseas that align with the Company's strategy

Develop, Integrate and Implement ESG Strategy

Key Challenges	<ul style="list-style-type: none"> Setting appropriate environmental and social objectives, and developing and implementing plans to deliver these objectives and commitments, meeting stakeholder expectations
Key Controls	<ul style="list-style-type: none"> Robust ESG Governance Framework to guide decision making and actions related to the Company's ESG practices, ensure regulatory alignment and delivery of the strategy ESG performance and progress tracked against goals; ESG insights provided for decision-making, and internationally recognised reporting frameworks adopted for transparency, with internal assurance for data integrity, and external assurance for independent verification Continuous proactive engagement with key external stakeholders to respond to and consider their feedback in business decision-making Green financing to support the further development of sustainable urban infrastructure and a dedicated ESG Fund providing adequate resources for ESG initiatives and additional investments

Risk Management

Cybersecurity Risk	
Key Challenges	<ul style="list-style-type: none"> Safeguarding critical systems amid the increasing cybersecurity threat
Key Controls	<ul style="list-style-type: none"> Framework of rules and regulations, including guidelines on access control, data protection, incident response, and compliance Identification and management of vulnerabilities and potential security threats through automated and/or manual testing Ongoing monitoring, detection, and response to cybersecurity threats and incidents Regular updates and security patches to software and systems to address known vulnerabilities Management and monitoring of security risks associated with vendors, suppliers, and other external parties who can access the Company's systems and data Processes to prepare for, detect, and respond to cybersecurity incidents in a timely and effective manner Continuous education and training for employees on cybersecurity best practice
Supply Chain Risk	
Key Challenges	<ul style="list-style-type: none"> Managing procurements of required business critical materials, construction and services to deliver on railway extension projects and meet operating railway asset needs amidst complex geopolitical shifts and global supply chain capacity challenges
Key Controls	<ul style="list-style-type: none"> Implement the Supply Chain Risk Management Framework Set and manage inventory levels based on criticality Monitor suppliers, in particular those in politically unstable, trade-restricted or disaster-prone areas Implement technical pre-qualification processes Manage supplier performance including through the use of proper contract forms, financial and technical assessments, and Service Level Agreements Periodic audit checks and continuous financial eligibility checks Identification and assessment of market alternatives to strengthen resilience in the supply base Implementation of a mechanism to monitor and ensure the delivery of materials and services to the required quality standards Strengthen monitoring, visibility and controls over contracting and sub-contracting arrangements for key projects
Business Growth beyond Hong Kong	
Key Challenges	<ul style="list-style-type: none"> Being able to continue to maintain our growth strategy in markets outside Hong Kong amidst increasing competition and a changing business environment
Key Controls	<ul style="list-style-type: none"> Maintain robust governance regime over subsidiaries and associates to ensure operational, financial and governance oversight Promote capability and competence sharing among teams across Hong Kong, subsidiaries and associates to strengthen competitiveness Maximise corporate branding effect and stakeholder relationships Regular scanning for and pursuit of suitable new business opportunities in different markets Regular geopolitical risk pulse check surveys to keep abreast of developments

The long-term financial sustainability of the Company is continuously monitored by the Board and the Executive Committee. Despite challenges arising from evolving consumer patterns and traveller behaviours under the new normal, the Company's patronage has been steadily increasing. 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, practise prudent cost control and uphold robust financial management with a view to further improving the Group's profitability. 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 reviewed through a 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. Climate-related physical and transition risks and the roles of multiple interconnected stakeholders have been examined and the Company has implemented frameworks, protocols and practical response strategies at the Corporate and Business Unit/Function levels to provide effective risk control and mitigation. The Company will continue to strengthen business resilience through innovation and technology adoption, scenario planning and future design enhancements.

Process of System Effectiveness Review

On behalf of the Executive Committee, the ERC evaluates the effectiveness of the ERM system at least annually. The review for the year ending 31 December 2025 concluded that the ERM system was overall effective. The Legal and Governance Director, who chairs the ERC, presented the ERM system effectiveness review results for the year ending 31 December 2025 to the Executive Committee, who confirmed its agreement with the review results on 12 February 2026, and to the Audit & Risk Committee on 27 February 2026, who likewise confirmed their agreement with the review results. The Audit & Risk Committee, with delegated authority from the Board, has evaluated the effectiveness of the Company's ERM system and considers it to be overall effective 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
- Peer group engagements and interactions
- Risk management training and promotion events held in 2025



Conclusion

The ERM system was considered overall effective for the year ended 31 December 2025.

CONTINUOUS PROCESS IMPROVEMENT

Key initiatives undertaken in relation to the ERM system in 2025 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 2025, 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 "Strengthening the Corporation's Resilience". The seminar was well received and was attended by about 300 department heads and senior managers. Over 2,600 participants also took part in the RAW Online Quiz Game aimed at testing their knowledge of risk awareness and principles.
- The Company has continued to demonstrate its commitment to robust governance and effective risk management across all Business Units by implementing the Three Lines Model. Pursuant to this model, Second Line activities are managed by the Legal & Governance function with its Centres of Excellence in technical, engineering, safety, quality, environment, risk, assurance and commercial disciplines. Second Line assurance activities span across all Business Units of the Company as well as critical corporate projects and initiatives. In 2025, the Company commissioned an independent advisory review of its Second Line, conducted in collaboration with an external consulting firm. The review confirmed that the Company's Second Line is operating effectively and that the Company has implemented proactive measures such as standardised assurance procedures, formalised escalation processes and enhanced coordination with other Lines. To further optimise governance, the Company is introducing a formal mandate for its Three Lines Model, exploring innovative resourcing models, and developing a comprehensive Assurance Map to provide the Board and Executives with greater visibility over risk management and assurance activities with a view to closing any gaps identified and eliminating overlaps. These initiatives underscore the Company's commitment to transparency, accountability, and continuous improvement in governance practices.
- 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 experience sharing, for example, through participation in the 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 2025 are set out on pages 87 to 88 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; and
- 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 2025

In 2025, the Committee held five 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 and Siu Ho Wan Depot Property Enabling Works, 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; and
- half-yearly reports on projects-related audits conducted by the Company’s Internal Audit Department.

Capital Works Director and General Manager – Lantau and New Territories South Portfolio attended all five Committee meetings. General Manager – Commercial Management (Capital Works) attended four Committee meetings, to report and answer questions on projects related matters in 2025. Operations & Innovation Director attended two meetings, Chief Signal Engineer (Ops) attended five meetings, to report and answer questions on Signalling Replacement Works in 2025. 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 2025. 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, 12 March 2026

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 2025 are set out on pages 87 to 88 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 (“TOR”) are available on the respective websites of the Company (www.mtr.com.hk) and the Stock Exchange.

Under the TOR, the Committee is primarily responsible for 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 Chinese Mainland and International Businesses and for any other part(s) of the Company’s business.

WORK PERFORMED BY THE COMMITTEE IN 2025

During 2025, 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 Company’s 2025 Latest Estimate, 2026 Budget and Longer-Term Forecast;
- the Company’s key financial strategies, including expansion of debt offering markets, revised derivative exposure limits, and cash and liquidity management;
- 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;
- debt issuance programme for 2025;
- the Company’s 2024 Final Dividend and 2025 Interim Dividend;
- renewal of a franchise agreement for the Company’s Station Commercial Businesses;
- the tender arrangement and sales price proposals of various property development projects;
- the Company’s weighted average cost of capital and required rates of return for project evaluation;
- the project agreement required for undertaking Part 1 of the Northern Link Project;
- tender submission for a Chinese Mainland railway franchise contract;
- tender submission for an overseas integrated station development project; and
- New Growth Engine investment update.

Mr Andrew Brandler
Finance & Investment Committee Chairman
Hong Kong, 12 March 2026

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 CG 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

Remuneration Committee Report

- 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 2025, discretionary awards were provided to non-managerial staff with competent or above performance, as a recognition of their contributions to the Company’s performance and achievements in the past year and to motivate staff to strive for continuous business growth. In addition, a one-off special award was granted to staff in 2025, including the Members of the Executive Directorate and managers with competent or above performance as a token of appreciation for their contributions and commitment towards the Company’s achievements and performance in the previous year despite the various challenges.

Long-Term Incentives

During 2025, 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 remains 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 2025. 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, 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 45 to the consolidated financial statements.

Retirement Schemes

In Hong Kong, the Company operates four retirement schemes established 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, namely the "MTR MPF Scheme" and the "KCRC MPF Scheme". The details of these schemes are 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 since 1 April 1999. It is administrated in accordance with its Trust Deed and Rules by the Board of Trustees, comprising management and employee representatives, and independent non-employer trustees. Benefits are determined based on the greater of a multiple of final salary multiplied by the number of years of service or a factor applied to the accumulated member contributions with investment returns. Members' contributions are based on fixed percentages of base salary. The Company 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. Benefits are determined based on member contributions, the Company contributions, investment returns on these contributions, a service-related vesting scale and the reason for leaving employment. Both member and the Company contributions are based on fixed percentages of members' base salary.

(iii) MTR MPF Scheme

The MTR MPF Scheme is a defined contribution scheme under an MPF master trust registered with the MPFA. It covers 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 contribute to the MTR MPF Scheme at the mandatory levels as required under 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.

Remuneration Committee Report

(iv) KCRC MPF Scheme

The KCRC MPF Scheme is a defined contribution scheme under an MPF master trust registered with the MPFA. It covers 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 contribute to the KCRC MPF Scheme at the mandatory levels as required under 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 former Chief Executive Officer, participated in the MTR Provident Fund Scheme until he completed his term as Chief Executive Officer on 31 December 2025. Ms. Jeny Yeung, the Company's Chief Executive Officer effective 1 January 2026, participates in the MTR Provident Fund Scheme.

For subsidiary companies in Hong Kong, Macau, Chinese Mainland, 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, Chinese Mainland and overseas, their respective local laws and regulations.

Work performed by the Remuneration Committee during the year

- Approved the 2024 Remuneration Committee Report as incorporated in the 2024 Annual Report;
- reviewed and approved payouts under the Company's performance-based CIS for the 2024 performance period;
- evaluated a proposal to link train and 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 April 2025;
- reviewed and approved the remuneration packages upon appointment, contract renewal and contract expiry for Members of the Executive Directorate, as appropriate; and
- endorsed the renewal of the Executive Share Incentive Scheme for a further 10 years until 31 December 2034.

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	2025	2024
Fees	10.5	10.7
Base salaries, allowances and other benefits-in-kind	67.4	60.8
Variable remuneration related to performance	37.3	33.0
Retirement scheme contributions	7.9	7.5
Share-based payments	23.4	26.9
Total	146.5	138.9

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 2025.

Mr Adrian Wong Koon-man
Remuneration Committee Chairperson
Hong Kong, 23 February 2026

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 Jacob
Kam Chak-pui**^{*^}

JP
Age 64

Chairman and NED

First appointed:

- As CEO and Member of the Board: 1 April 2019 (*Served as CEO until 31 December 2025*)
- As Chairman and NED: 1 January 2026

Current term: 1 January 2026 (*appointed*) to 31 December 2028

Board Committees / Advisory Panel

Environmental & Social Responsibility Committee (Chairman)

Nominations Committee (Member)

Remuneration Committee (Member)

Dr Kam leads the Board in ensuring effective management and oversight of the Company's business affairs, formulating the corporate strategy, upholding a sound corporate governance framework and evaluating the performance of the Executive Directorate.

Dr Kam started his career with the Company in 1995 and held various management positions in the Operations, Projects and Chinese Mainland and International Business Units. He was appointed as the Chief Executive Officer ("CEO") on 1 April 2019 and became a Member of the Board at the same time. Before his appointment as CEO, Dr Kam was the Operations Director between January 2011 and April 2016 and the Managing Director – Operations and Mainland Business from May 2016. He was also a Member of the Executive Directorate between January 2011 and December 2025.

Dr Kam is an Honorary Chairman of the International Association of Public Transport (UITP), a Vice Chairman of the General Committee of The Hong Kong General Chamber of Commerce and a member of the board of directors of The Community Chest of Hong Kong.

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



**Dr Rex
Auyeung Pak-kuen**

GBS, JP
Age 73

Dr Auyeung was the Non-executive Chairman of the Company from July 2019 to December 2025. He joined the Board in March 2019 and retired from the Board after 31 December 2025.



**Jeny
Yeung Mei-chun**^{*^}

Age 61

Chief Executive Officer ("CEO")

First appointed (as CEO): 1 January 2026

Current term: 1 January 2026 (*appointed*) to 31 December 2028

Board Committees / Advisory Panel

Environmental & Social Responsibility Committee (Member)

Ms Yeung joined the Company in November 1999. Before her appointment as CEO, she was the Commercial Director since September 2011, the Hong Kong Transport Services Director since July 2021 and the Managing Director – Hong Kong Transport Services since 1 October 2023. Ms Yeung has been a Member of the Executive Directorate since September 2011. She is currently the Non-Executive Chairman of Octopus Holdings Limited and of two members of the Octopus Holdings Limited group.

Board and Executive Directorate

As the CEO, Ms Yeung is responsible for the overall performance of the Company and its group companies, both in and outside of Hong Kong.

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 Hong Kong Trade Development Council Infrastructure Development Advisory Committee, 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 the 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, a Chartered Fellow of The Chartered Institute of Logistics and Transport in Hong Kong and an Adjunct Fellow of The Hong Kong Institution of Engineers.



**Andrew Clifford
Winawer Brandler[^]**

Age 69

INED

First appointed (as INED): 17 May 2017
Current term: 17 May 2023 to 16 May 2026
(last re-elected on 24 May 2023)

Board Committees / Advisory Panel **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, JP
Age 68

INED

First appointed (as INED): 20 May 2020
Current term: 20 May 2023 to 19 May 2026
(last re-elected on 24 May 2023)

Board Committees / Advisory Panel
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 Prospective 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.



Cheng Yan-kee^{*}
BBS, JP
Age 71

INED

First appointed (as INED): 22 May 2019
Current term: 21 May 2025 to 20 May 2028
(last re-elected on 21 May 2025)

Board Committees / Advisory Panel
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 the Advisory Committee on Post-office Employment for Former Chief Executives and Politically Appointed Officials, as well as 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 each of the Hospital Authority, Town Planning Board, Hong Kong Housing Authority, and the Advisory Committee on Post-service Employment of Civil Servants.

Board and Executive Directorate



Hui Siu-wai

SBS
Age 69

INED

First appointed (as INED): 26 May 2021
Current term: 22 May 2024 to 21 May 2027
(last re-elected on 22 May 2024)

Board Committees / Advisory Panel **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 currently is a member of the Appeal Panel (Basic Housing Units). He was also 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 59

INED

First appointed (as INED): 22 May 2024
Current term: 22 May 2024 (*appointed*) to 21 May 2027

Board Committees / Advisory Panel **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, as well as a director of the Hong Kong Academy of Finance. 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 formerly was a member of the Exchange Fund Advisory Committee of the Hong Kong Monetary Authority and a member of both the Financial Infrastructure and Market Development Sub-Committee as well as the Governance Sub-Committee of its Exchange Fund Advisory Committee. She was also 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.



Professor Sunny Lee Wai-kwong*

BBS, JP
Age 66

INED

First appointed (as INED): 25 May 2022

Current term: 21 May 2025 to 20 May 2028

(last re-elected on 21 May 2025)

Board Committees / Advisory Panel Technology Advisory Panel (Chairman) Capital Works Committee (Member)

Professor 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 BOC Hong Kong (Holdings) Limited, China Telecom Corporation Limited and SUNeVision Holdings Ltd.

Professor 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, Professor 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.

Professor 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, the deputy chairman of Hong Kong Quality Assurance Agency, 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 The Hong Kong Management Association and Hong Kong Professionals and Senior Executives Association.

Professor 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.

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

Board and Executive Directorate



**Jimmy
Ng Wing-ka**

SBS, JP
Age 56

INED

First appointed (as INED): 22 May 2019
Current term: 21 May 2025 to 20 May 2028
(last re-elected on 21 May 2025)

Board Committees / Advisory Panel
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.



**Ir Susanna
Shen Shuk-ching**

MH
Age 62

INED

First appointed (as INED): 21 May 2025
Current term: 21 May 2025 (*appointed*) to 20 May 2028

Board Committees / Advisory Panel
Capital Works Committee (Member)
Technology Advisory Panel (Member)

Ir Shen has extensive experience in Information Technology ("IT"). She was formerly the Head of Corporate Information Technology at The Hong Kong and China Gas Co Ltd ("Towngas") until her retirement in 2024. Ir Shen joined Towngas in 1988 and has held various management positions. She was appointed the Head of Information Technology in Towngas in 2005. Before taking up this role, she was the Chief Operating Officer of iCare.com Limited, previously a subsidiary business of Towngas. The IT team under Ir Shen's leadership was responsible for providing Towngas' IT services and solutions to support the business mission of Towngas and its subsidiaries as well as its Mainland businesses.

Ir Shen actively serves in a number of advisory committees, universities, and professional bodies, leveraging her expertise to advance the innovation and technology sector in Hong Kong. She also serves as a member of several advisory committees in the public sector, further solidifying her influence in shaping IT policies.

Ir Shen is currently the vice-chairman of the Taxi Service Quality Committee, and a member of each of the Barristers Disciplinary Tribunal Panel, Technical Advisory Committee of Electoral Affairs Commission and Sub-Committee on Access of Rehabilitation Advisory Committee. She is also a member of the Advisory Committee of each of the Information and Communications Technology Industry Training of Hong Kong Qualifications Framework and the Institute of Knowledge Exchange of The Hang Seng University of

Hong Kong, as well as a member of both the Computer Science Advisory Committee of The University of Hong Kong and the IT Management Committee of The Hong Kong Management Association. In addition, Ir Shen is a director of Heep Hong Society and a member of its IT Advisory Committee.

Ir Shen was formerly a member of the Transport Advisory Committee and the chairman of its Transport Complaint Unit Sub-Committee, and a member of each of the Digital 21 Strategy Advisory Committee, the Personal Data (Privacy) Advisory Committee, the Joint Committee on Information Technology for the Social Welfare and the Finance Committee of Housing Authority.

Ir Shen is a Chartered IT Professional of The British Computer Society.



Dr Carlson Tong[#]

GBS, JP
Age 71

INED

First appointed (as INED): 25 May 2022

Current term: 21 May 2025 to 2026 AGM

(last re-elected on 21 May 2025)

Board Committees / Advisory Panel **Nominations Committee (Chairman)** **Audit & Risk Committee (Member)**

Dr Tong is a chartered accountant and has extensive experience in the financial services sector and the capital market in both the Chinese Mainland 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 and the chairman of Aviation Security Company Limited. He was also the chairman of both the University Grants Committee and the Task Force on Enhancing Stock Market Liquidity, 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, 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, Dr Tong is a board member of The Community Chest of Hong Kong, and a director of the World Federation of Exchanges and the working committee chair.

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

Board and Executive Directorate



**Sandy
Wong Hang-yee[^]**

JP
Age 54

INED

First appointed (as INED): 24 May 2023

Current term: 24 May 2023 (*appointed*) to 23 May 2026

Board Committees / Advisory Panel
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, an honorary court member of the Hong Kong Baptist University, and the vice chairman of the Executive Committee of Hong Kong Family Welfare Society.

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 61

INED

First appointed (as INED): 26 May 2021

Current term: 22 May 2024 to 21 May 2027

(*last re-elected on 22 May 2024*)

Board Committees / Advisory Panel
Remuneration Committee (Chairman)
Finance & Investment 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 both 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, the Air Transport Licensing Authority and Travel Industry Authority, as well as a director of the Urban Renewal Fund.



Professor Anna Wong Wai-kwan[^]
Age 66

INED

First appointed (as INED): 24 May 2023
Current term: 24 May 2023 (*appointed*) to 23 May 2026

Board Committees / Advisory Panel
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 and the Innovation and Technology Venture Fund Advisory Committee. She was previously a non-executive director of the Insurance Authority, a member of both the Advisory Committee of the Securities and Futures Commission as well as the Human Capital Committee of the Financial Services Development Council, 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 was also an independent non-executive director of Bank of China International Limited.

Professor Wong is a Senior Fellow of Hong Kong Securities and Investment Institute.

Board and Executive Directorate



Christopher Hui Ching-yu
(Secretary for Financial Services and the Treasury)

GBS, JP
Age 49

NED

First appointed (as NED): 1 June 2020

Current term: 1 June 2023 to 31 May 2026

(last re-elected on 22 May 2024)

Board Committees / Advisory Panel
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 the Hong Kong Precious Metals Central Clearing Company Limited, as well as 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 *(from 5 September 2024 to 5 November 2025)* and Anson Lai Yat-ching *(since 20 November 2025)*



Secretary for Transport and Logistics®
(Mable Chan)

JP
Age 60

NED

First appointed (as NED): 5 December 2024

Current term: As directed by the Chief Executive of the HKSAR *(pursuant to Section 8 of the MTR Ordinance)*

Board Committees / Advisory Panel
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
(Kevin Choi from 14 April 2025 to 26 October 2025 and
Vic Yau Cheuk-hang since 17 November 2025)
- (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 59

NED

First appointed (as NED): 8 October 2021
Current term: As directed by the Chief Executive of
the HKSAR (pursuant to Section 8 of
the MTR Ordinance)

Board Committees / Advisory Panel

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)

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



**Commissioner for
Transport[@]**
**(Angela
Lee Chung-yan)**

JP
Age 53

NED

First appointed (as NED): 28 August 2023
Current term: As directed by the Chief Executive of
the HKSAR (pursuant to Section 8 of
the MTR Ordinance)

Board Committees / Advisory Panel

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 and The "Star" Ferry 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)

MEMBERS OF THE EXECUTIVE DIRECTORATE



Margaret Cheng Wai-ching
Human Resources Director



Wilson Kwong Wing-tsun
Hong Kong Transport
Services Director



Michael George Fitzgerald
Finance Director



Jeny Yeung Mei-chun
Chief Executive Officer

Jeny Yeung Mei-chun*

Age 61

Chief Executive Officer (since 1 January 2026)

Board Committees / Advisory Panel
Environmental & Social Responsibility Committee (Member)

Her biography is set out on pages 115 to 116.

David Tang Chi-fai*

Age 61

Managing Director – Property and International Business
(since 1 February 2026)

Mr Tang joined the Company in August 2004. Prior to his current position, Mr Tang was appointed as the Property Director in October 2011, the Property and Australian Business Director in October 2020, as well as the Property and International Business Director in February 2021. Before these roles, 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.



David Tang Chi-fai
Managing Director –
Property and International
Business



Carl Michael Devlin
Capital Works Director



Sammy Wong Kwan-wai
Chinese Mainland
Business Director



Gillian Elizabeth Meller
Legal and
Governance Director



Linda Choy Siu-min
Corporate Affairs and
Branding Director

Margaret Cheng Wai-ching*

JP

Age 60

Human Resources Director (since 1 June 2016)

**Board Committees / Advisory Panel
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 Advisory Committee on Post-office Employment for Former Chief Executives and Politically Appointed Officials, 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, a board member of the Hospital Authority and the chairman of its Human Resources Committee as well as its Hospital Governing Committee of Hong Kong Eye Hospital & Kowloon Hospital, and a member of its Hospital Authority Academy Board. Ms Cheng is a member of the Mandatory Provident Fund Schemes Advisory Committee of Mandatory Provident Fund Schemes Authority.

Ms Cheng is a Fellow Member of the Hong Kong Institute of Human Resource Management.

Board and Executive Directorate

Linda Choy Siu-min*

Age 55

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 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 56

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 52

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 Strategy Advisory Group.

Wilson Kwong Wing-tsun*

MH

Age 49

Hong Kong Transport Services Director (since 28 January 2026)

Mr Kwong joined the Company in January 2026.

Mr Kwong 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.

Mr Kwong has extensive industry experience in the transportation and logistics sector. Before joining the Company, he has worked for Jardine Matheson Group

since 1998, starting his career with Jardine Aviation Services. Following this, he held senior management positions in engineering, aviation and logistics, real estate development, and asset management. Mr Kwong was previously the Chief Executive Officer of Raffles Quay Asset Management Pte Ltd from 2009 to 2012, the Chief Executive of Jardine Engineering Corporation from 2012 to 2018, and then the Chief Executive of Hong Kong Air Cargo Terminals Limited from 2018 to 2026.

Mr Kwong is currently the chairman of the Employers' Federation of Hong Kong. He is also the chairman of Transport and Logistics Committee of The Hong Kong General Chamber of Commerce. Mr Kwong is the chairman of the Programme Advisory Committee – Logistics Management of The Hong Kong Management Association, a member of each of the Logistics Services Advisory Committee and the Service Promotion Programme Committee of the Hong Kong Trade Development Council, a member of the Promotion and External Relations Committee of the Hong Kong Maritime and Port Development Board, and a member of the Advisory Committee of the Asian Institute of Supply Chains and Logistics of The Chinese University of Hong Kong. He is also a member of each of the Minimum Wage Commission, the Land and Development Advisory Committee and the Tripartite Taskforce on Manpower Training (Aviation). Mr Kwong is a board member of GS1 Hong Kong.

Mr Kwong is a member of The Royal Institution of Chartered Surveyors. He is also a Chartered Fellow of The Chartered Institute of Logistics and Transport in Hong Kong and a Fellow of The Hong Kong Institute of Directors.

Dr Tony Lee Kar-yun

Age 65

Operations and Innovation Director (up to 30 April 2025)

Dr Lee was the Operations and Innovation Director from October 2023 to April 2025. He retired from the Company after 30 April 2025.

Board and Executive Directorate

Gillian Elizabeth Meller*

Age 53

Legal and Governance Director (since 22 February 2021)

Board Committees / Advisory Panel

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 the 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.

Sammy Wong Kwan-wai*

Age 52

Chinese Mainland 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 Chinese Mainland 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 as well as a member of its Policy Board – National Ambassador China Hong Kong. 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 2025 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 (Retired on 1 January 2026)	Healthcare Dispute Resolution Centre Limited	Appointment (1 January 2025)
	• Member of the Board of Advisers	
	Hospital Authority (Hong Kong)	Appointment (1 April 2025)
	• Board Member	
	C-MER Medical Holdings Limited	Cessation (1 June 2025)
	• Vice Chairman • Chairman	Appointment (1 June 2025)
The Hong Kong Jockey Club Charities Trust	• Convenor of the Advisory Committee of the Jockey Club Community eHealth Care Project	Cessation (30 September 2025)
	Independent Committee in relation to fire at Wang Fuk Court in Tai Po, Hong Kong	
	• Member	Appointment (12 December 2025)
Dr Jacob Kam Chak-pui (Ceased as CEO and become the Non-executive Chairman on 1 January 2026)	The Hong Kong General Chamber of Commerce	Appointment (23 May 2025)
	• Vice Chairman of the General Committee	
Jeny Yeung Mei-chun	The Community Chest of Hong Kong	Appointment (23 June 2025)
	• Member of the Board of Directors	
Cheng Yan-kee	Advisory Committee on Enhancing Employment of People with Disabilities (Hong Kong)	Cessation (1 January 2025)
	• Member	
	Immigration Department Users' Committee (Hong Kong)	Cessation (1 January 2025)
	• Non-official Member	
	Hong Kong Trade Development Council	Appointment (1 April 2025)
Christopher Hui Ching-yu	• Member of the Infrastructure Development Advisory Committee	
	The Hong Kong Institution of Engineers	Appointment (25 September 2025)
	• Adjunct Fellow	
Hui Siu-wai	Advisory Committee on Post-service Employment of Civil Servants (Hong Kong)	Cessation (14 July 2025)
	• Member	
Ayesha Macpherson Lau	Hong Kong Precious Metals Central Clearing Company Limited	Appointment (2 February 2026)
	• Chairman	
	Appeal Panel (Basic Housing Units) (Hong Kong)	Appointment (1 March 2026)
	• Member	
Angela Lee Chung-yan	Exchange Fund Advisory Committee of Hong Kong Monetary Authority	Cessation (1 October 2025)
	• Member	
	• Member of the Governance Sub-Committee	Cessation (1 October 2025)
	• Member of the Financial Infrastructure and Market Development Sub-Committee	Cessation (1 October 2025)
Professor Sunny Lee Wai-kwong	Route 3 (CPS) Company Limited	Cessation (4 July 2025)
	• Director	
Jimmy Ng Wing-ka	Hong Kong Quality Assurance Agency	Appointment (18 November 2025)
	• Deputy Chairman	
	The Hong Kong Management Association's Institute of Advanced Management Development	Appointment (25 November 2025)
Jimmy Ng Wing-ka	• Professor of Practice	
	China Telecom Corporation Limited	Appointment (16 December 2025)
	• Independent Non-executive Director	
	Silver Bauhinia Star medal awarded by the Chief Executive of the HKSAR	Award (1 July 2025)

Board and Executive Directorate

(i) Changes in Biographical Details *(continued)*

Name	Change(s)	Nature and Effective Date of Change(s)
Ir Susanna Shen Shuk-ching	Heep Hong Society • Director	Appointment (1 December 2025)
Dr Carlson Tong	World Federation of Exchanges • Working Committee Chair	Appointment (22 October 2025)
	Task Force on Enhancing Stock Market Liquidity (Hong Kong) • Chairman	Cessation (31 December 2025)
Sandy Wong Hang-yee	West Kowloon Cultural District Authority (Hong Kong) • Member of the Audit Committee	Cessation (1 January 2025)
	Hong Kong Family Welfare Society • Vice Chairman of the Executive Committee	Appointment (18 November 2025)
Adrian Wong Koon-man	The Standing Commission on Civil Service Salaries and Conditions of Service (Hong Kong) • Chairman	Appointment (1 January 2025)
	Travel Industry Authority (Hong Kong) • Member	Cessation (31 December 2025)
Professor Anna Wong Wai-kwan	Financial Services Development Council (Hong Kong) • Member of the Human Capital Committee	Cessation (16 January 2026)
Margaret Cheng Wai-ching	Mandatory Provident Fund Schemes Authority (Hong Kong) • Member of the Mandatory Provident Fund Schemes Advisory Committee	Appointment (30 March 2025)
	Hospital Authority (Hong Kong) • Chairman of the Hospital Governing Committee of Hong Kong Eye Hospital & Kowloon Hospital	Appointment (1 April 2025)
	Advisory Committee on Post-office Employment for Former Chief Executives and Politically Appointed Officials (Hong Kong) • Member	Appointment (1 July 2025)
	The Hong Kong Management Association • Chairperson of the People Management Committee	Cessation (4 July 2025)
	Hong Kong Council for Accreditation of Academic and Vocational Qualifications • Vice Chairman	Cessation (1 October 2025)
Linda Choy Siu-min	Lantau Development Advisory Committee • Member	Cessation (31 January 2026)
Michael George Fitzgerald	The Institute of Chartered Accountants in England & Wales • Hong Kong Strategy Advisory Group (formerly Hong Kong Committee) • Member	Change of name (1 May 2025)
Wilson Kwong Wing-tsuen	Hong Kong Logistics Development Council • Member	Cessation (31 December 2025)
	The Hong Kong General Chamber of Commerce • Member of the General Committee • Member of Audit Committee	Cessation (31 December 2025) Cessation (31 December 2025)
Dr Tony Lee Kar-yun (Retired on 1 May 2025)	Beijing Jiaotong University • Adjunct Professor	Appointment (13 January 2025)
Gillian Elizabeth Meller	The Hong Kong General Chamber of Commerce • Vice Chairman of the Legal Committee • Chairman of the Legal Committee	Cessation (21 July 2025) Appointment (22 July 2025)
Sammy Wong Kwan-wai	International Association of Public Transport (UITP) • Member of the Policy Board – National Ambassador China Hong Kong	Appointment (19 June 2025)

(ii) Changes in Directors' Remuneration

For details of the Directors' remuneration received during the year, please refer to pages 197 to 200 of the Annual Report.

Key Corporate Management

Jacob Kam Chak-pui
Chief Executive Officer (up to 31 December 2025)

Jeny Yeung Mei-chun
Chief Executive Officer (w.e.f. 1 January 2026)

Capital Works

Carl Devlin
Capital Works Director

Scott Mackenzie
General Manager – Commercial Management (Capital Works)

Rohan Perinpanayagam
General Manager – Lantau & NT South Portfolio

Barry Sum Pang-tuen
General Manager – Project Delivery Management

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)

Bernard Yu Tin-fu
Head of Assurance (Capital Works) (w.e.f. 1 January 2026)

Neil Ng Wai-hang
Head of Construction Management

Kevin Man Kwoon-yin
Head of Development – New Railway Projects

Henry Wong Hin-cheung
Head of Digital and Innovation (Capital Works) (w.e.f. 1 January 2026)

Walter Lam Wai-tak
Head of Field Engineering

Thomas Lau Ming-yu
Head of Field Engineering

Lesly Leung Po-po
Head of Field Engineering – Lantau

Jimmy Poon Kin-keung
Head of Field Engineering – NT South

Jasmine Ho Yee-pak
Head of Operations Interface and Access Planning (w.e.f. 1 January 2026)

Patrick Chaplin
Head of Project Commercial Management – NOL (w.e.f. 23 February 2026)

Lee Ka-leung
Head of Project Delivery – Lantau

Dominic Law Tik-ko
Head of Project Delivery – NOL (Phase 1)

Alan Yan Wai-ming
Head of Project Delivery – NT South

Bruce Chang Chi-tat
Head of Project Delivery – Operations Projects

Wincy Chow Tse-yan
Head of Railway Infrastructure (Capital Works) (w.e.f. 1 January 2026)

Kelvin Wong Ka-wo
Head of Railway Systems (Capital Works)

Clifford Chow Lung-hung
Head of Signalling (Capital Works)

Charles Lau Kam-keung
Principal Advisor – NOL (Main Line and Spur Line) (up to 31 December 2025)

Michael Mellor
Principal Project Commercial Manager – Lantau and NT South

Chinese Mainland Business

Sammy Wong Kwan-wai
Chinese Mainland Business Director

Jia Jun
General Manager – Business Development (Chinese Mainland) & Station Commercial

Oscar Ho Ka-wa
General Manager – Chinese Mainland Property

Nelson Ng Wai-hung
General Manager – Hangzhou

Frank Liu Zhui-ming
General Manager – Jing-Jin-Ji

Herbert Leung Tai-chiu
General Manager – Projects for Shenzhen L13

Justin Man Wing-fai
General Manager – Shenzhen

Kyle Lau Ki-ming
Chief of Engineering (Beijing)

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)

Corporate Affairs & Branding

Linda Choy Siu-min
Corporate Affairs and 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

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

Raymond Yuen Lap-hang
Chief of Special Projects Office – Finance

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

Luke Lee Guo-chun
Treasurer

Andrew Lee Kam-wing
Head of Investor Relations & Retirement Benefits

Hong Kong Property & International Business

David Tang Chi-fai
Property and International Business Director (up to 31 January 2026)

Managing Director – Property and International Business (w.e.f. 1 February 2026)

David Yam Pak-nin
General Manager – Business Development

Australia

Raymond O'Flaherty
Chief Executive Officer – Metro Trains Melbourne

Oliver Bratton
Chief Executive Officer – Metro Trains Sydney

Lau Pak-wai
Project Director – Sydney Metro City Southwest

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 (up to 31 December 2025)

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 (up to 31 December 2025)

General Manager – Property Development (w.e.f. 1 January 2026)

Chris Tsui Chin-wang
Deputy General Manager – Property Management (w.e.f. 1 January 2026)

Lawrence Yam Tze-yi
Deputy General Manager – Property Project

Sweden

Caroline Astrand
Chief Executive Officer – MTR Nordic

United Kingdom

Andy King
Interim CEO – MTR UK

Hong Kong Transport Services

Jeny Yeung Mei-chun
Managing Director – Hong Kong Transport Services (up to 31 December 2025)

Wilson Kwong Wing-tsun
Hong Kong Transport Services Director (w.e.f. 28 January 2026)

Tony Lee Kar-yun
Operations and Innovation Director (up to 30 April 2025)

Cheris Lee Yuen-ling
Deputy Director – Operating & Metro Segment

Ben Lui Gon-yeek
Chief of Airport Segment

Paul Wong Kah-ming
Chief of Cross Boundary Segment

Lee Kim-hung
Chief of Operations Engineering Maintenance (up to 31 January 2026)

Deputy Director – Operations Engineering Maintenance (w.e.f. 1 February 2026)

Chan Hing-keung
Chief of Operations Engineering Service & Innovation

Lu Wong Ho-leung
Deputy Chief of Operations Engineering Maintenance

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

Terry Wong Wing-kin
General Manager – Global Operations Standards Institute

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

Jeff Chan Yue-chiu
General Manager – Special Duties

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

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

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)

Rico Wong Kong-kit
Head of Traffic Operations

Human Resources & Administration

Margaret Cheng Wai-ching
Human Resources Director

Ronny Chan Man-tak
General Manager – Corporate Security (w.e.f. 25 February 2026)

Doreen Siu Wai-man
General Manager – Human Resources

Denise Ng Kee Wing-man
General Manager – Learning & Human Resources Transformation (up to 30 January 2026)

General Manager – Special Projects (from 31 January 2026)

Duncan Chow Sai-kong
General Manager – Performance, Reward and HR Transformation

Vinnie Chi Man-yan
General Manager – Talent Management & Organisation Capability

Emily Chan Fung-ha
Deputy General Manager – Human Resources (Hong Kong Transport Services & Chinese Mainland Business)

Internal Audit

Eric Yeung Chiu-kit
Head of Internal Audit

Legal & Governance

Gillian Meller
Legal and Governance Director

Brian Downie
Deputy Director – Legal, Procurement & Supply Chain

Katherine Kendall
General Manager – Corporate Risk & Assurance

Andeon Siu Kam-san
General Manager – Corporate Safety, Quality & Environment

Stephen Hamill
General Manager – Engineering, Commercial and Programme (up to 31 March 2026)

Olivia Wong Ka-ying
General Manager – Environmental & Social Responsibility

Donald Lai Kam-lun
General Manager – Governance & Company Secretariat

Alexandre Gautier
General Manager – Procurement & Supply Chain

Patrick Chaplin
Head of Commercial Assurance (up to 22 February 2026)

Wong Yu-yuen
Head of Legal (Chinese Mainland & International Business)

Barbara Chang Sze-wan
Head of Legal (Operations)

Lawrence Choy Yiu-fai
Head of Legal (Property) (up to 15 April 2026)

Robert Littlefair
Head of Programme Management

MTR Academy (HK) Company Limited

Margaret Cheng Wai-ching
President of MTR Academy

MTR Lab Company Limited

Shi Jing
Head of Investment

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 2025.

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, the Chinese Mainland and a number of overseas cities; project management in relation to railway and property development businesses in Hong Kong and the Chinese Mainland; 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 and the Chinese Mainland; property business including property development and investment, management and leasing management of investment properties (including shopping malls and offices) in Hong Kong and the Chinese Mainland; 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 ventures as at 31 December 2025 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 2025 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 2025	<ul style="list-style-type: none">• 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 57)
(2) Particulars of important events affecting the Group that have occurred since the end of the financial year 2025	<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• CEO's Review and Outlook (pages 14 to 17)• The Year in Review – Business Performance (pages 18 to 49)• Risk Management (pages 103 to 107)• Financial Risks – note 30B to the Consolidated Financial Statements (pages 224 to 226)
(4) Outlook for the Group's businesses	<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• Corporate Governance Report (pages 68 to 99)• Sustainability Report 2025 (www.mtr.com.hk)
(6) Description of the Group's relationships with its key stakeholders	<ul style="list-style-type: none">• 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 61 to 63)• Human Resources (pages 64 to 65)• Investor Relations (pages 66 to 67)• Sustainability Report 2025 (www.mtr.com.hk)
(7) Description of the Group's environmental policies and performance	<ul style="list-style-type: none">• 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 61 to 63)• Sustainability Report 2025 (www.mtr.com.hk)

DIVIDENDS

The Board has recommended (i) paying a final dividend of HK\$0.89 per share in respect of the year ended 31 December 2025 in cash, and (ii) adopting a new scrip dividend scheme (“Scrip Dividend Scheme”) at the Company’s forthcoming annual general meeting (“AGM”). Subject to the approval of the shareholders at the AGM, the proposed 2025 final dividend is expected to be paid on 22 June 2026 to shareholders whose names appear on the Register of Members of the Company as at the close of business on 5 June 2026, being the record date for determination of entitlement to the proposed 2025 final dividend. For the avoidance of doubt, the proposed 2025 final dividend does not include an option to receive the 2025 final dividend wholly or partly in new and fully paid Shares in lieu of cash under the Scrip Dividend Scheme.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial position of the Group as at 31 December 2025 and the Group’s consolidated financial performance and consolidated cash flows for the year are set out in the Consolidated Financial Statements on pages 172 to 258.

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 58 to 59.

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 Jacob Kam Chak-pui (Chairman)
- Jeny Yeung Mei-chun (CEO)
- Andrew Clifford Winawer Brandler
- Dr Bunny Chan Chung-bun
- Cheng Yan-kee
- Hui Siu-wai
- Ayesha Macpherson Lau
- Professor Sunny Lee Wai-kwong
- Jimmy Ng Wing-ka
- Susanna Shen Shuk-ching
- 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)
- Secretary for Transport and Logistics (Mable Chan)
- *Alternate Directors:*
 - Under Secretary for Transport and Logistics (Liu Chun-san)
 - Permanent Secretary for Transport and Logistics (Vic Yau Cheuk-hang^{N1})
 - Deputy Secretary for Transport and Logistics 1 (Amy Wong Pui-man)
 - Deputy Secretary for Transport and Logistics 2 (Kirk Yip Hoi-ying)
- 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)

N1: Change of holder of the post from Mr Kevin Choi (appointed on 14 April 2025 and ceased on 27 October 2025) to Mr Vic Yau Cheuk-hang (appointed on 17 November 2025).

Report of the Members of the Board

DIRECTORS *(continued)*

Members of the Executive Directorate

- Jeny Yeung Mei-chun (CEO)
- David Tang Chi-fai (Managing Director – Property and International Business)^{N2}
- 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)
- Wilson Kwong Wing-tsuen (Hong Kong Transport Services Director)^{N3}
- Gillian Elizabeth Meller (Legal and Governance Director)
- Sammy Wong Kwan-wai (Chinese Mainland Business Director)

N2: Mr David Tang Chi-fai (formerly Property and International Business Director) was retitled as Managing Director – Property and International Business with effect from 1 February 2026.

N3: Mr Wilson Kwong Wing-tsuen was appointed as the Hong Kong Transport Services Director of the Company with effect from 28 January 2026.

The biographies of each Member of the Board and the Executive Directorate as at the date of this Report are set out on pages 115 to 130.

In addition, resolutions for electing Ms Mary Huen Wai-yi and Mr Michael Wong Yick-kam as new Directors will be proposed at the 2026 AGM. Please refer to the Company's circular containing the Notice of the 2026 AGM sent together with this Report.

Members of the Board, Alternate Directors and Members of the Executive Directorate during the course of 2025 who have since ceased or changed their positions with the Company are stated below:

- Walter Chan Kar-lok (retired on 21 May 2025)
- Kevin Choi (ceased on 27 October 2025)[^]
- Bruno Luk Kar-kin (ceased on 6 November 2025)
- Dr Rex Auyeung Pak-kuen (retired on 1 January 2026)
- Dr Jacob Kam Chak-pui (ceased to be the CEO and a Member of the Executive Directorate on 1 January 2026)^{N4}

[^] Please refer to Note N1 above for details relating to the change of post holder of the relevant Alternate Director.

N4: On 14 October 2025, the Company announced that Dr Jacob Kam Chak-pui had been appointed as a Non-executive Director ("NED") of the Company upon the expiry of his term as the CEO, whereupon he had ceased to be a Member of the Executive Directorate, all with effect from 1 January 2026. Dr Kam was also appointed by The Financial Secretary Incorporated as the Chairman of the Company with effect from 1 January 2026 until 31 December 2028 (both dates inclusive).

DIRECTORS OF SUBSIDIARY UNDERTAKINGS

The list of directors of the subsidiary undertakings of the Company during the year and up to the date of this Report (unless otherwise stated) is kept at the Company's registered office and is available for inspection by shareholders during business hours.

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 (Ms Mable Chan), 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 142 to 162, 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 AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2025, the interests or short positions of the Members of the Board, Alternate Directors and Members of the Executive Directorate in the shares and underlying shares 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:

Members of the Board/ Alternate Directors/ Members of the Executive Directorate	No. of Ordinary Shares held		No. of award shares [†]		Percentage of aggregate interests to total no. of voting shares in issue ^Δ
	Personal interests*	Family interests [†]	Personal interests*	Total interests	
Dr Jacob Kam Chak-pui (Note 1)	1,513,112	–	392,050	1,905,162	0.03061
Jeny Yeung Mei-chun	924,234	–	289,718	1,213,952 (Note 2)	0.01950
Cheng Yan-kee	–	2,000 (Note 3)	–	2,000	0.00003
Adrian Wong Koon-man	–	558 (Note 3)	–	558	0.00001
David Tang Chi-fai	456,466	–	169,718	626,184	0.01006
Margaret Cheng Wai-Ching	367,270	–	164,185	531,455	0.00854
Linda Choy Siu-min	129,838	–	144,284	274,122	0.00440
Carl Michael Devlin	36,586	–	146,684	183,270	0.00294
Michael George Fitzgerald	61,150	1,500 (Note 3)	162,600	225,250	0.00362
Gillian Elizabeth Meller	338,345	–	148,218	486,563	0.00782
Sammy Wong Kwan-wai	77,068	–	139,452	216,520	0.00348

Notes:

- On 14 October 2025, the Company announced that Dr Jacob Kam Chak-pui had been appointed as a NED of the Company upon the expiry of his term as the CEO, whereupon he had ceased to be a Member of the Executive Directorate, all with effect from 1 January 2026. Dr Kam was also appointed by The Financial Secretary Incorporated as the Chairman of the Company with effect from 1 January 2026 until 31 December 2028 (both dates inclusive).
- Ms Jeny Yeung Mei-chun entered into a service contract with the Company for the position of CEO in September 2025 pursuant to which she will be entitled to a grant of 120,000 restricted shares upon completion of her service contract on 31 December 2028, which will vest on the date of the grant, according to the terms and conditions set out in the service contract. This interest has been included in Ms Yeung's total interests.
- As at 31 December 2025, these shares were held by the spouse of the relevant Member of the Board or Member of the Executive Directorate of the Company.

Details of the award shares are set out in the section headed "Executive Share Incentive Scheme" on pages 138 to 140

* 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 2025 was 6,224,823,171

Save as disclosed above and in the section headed "Executive Share Incentive Scheme":

A as at 31 December 2025, 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 or underlying shares 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 2025, 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 SHAREHOLDER'S 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 2025 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 2025 was 6,224,823,171

The Company has been informed by the Hong Kong Monetary Authority that, as at 31 December 2025, approximately 0.18% 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 and Underlying Shares of the Company" and "Substantial Shareholder's Interests", as at 31 December 2025, the Company has not been notified of any other persons who had any interests or short positions in the shares or underlying shares 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 2025 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. On 6 March 2025, the Board approved the renewal of the Executive Share Incentive Scheme until 31 December 2034. 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 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 39,223,001 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 106,440,357 Ordinary Shares, representing approximately 1.71% 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 2025 are set out below:

Members of the Executive Directorate and eligible employees	Date of award	Types of award shares granted (Note 1)		Award shares outstanding as at 1 January 2025	Award shares vested during the year	Award shares lapsed and/or forfeited during the year	Award shares outstanding as at 31 December 2025	Weighted average closing price of shares immediately before the date(s) on which the award shares were vested (HK\$)
		Restricted shares (Note 2)	Performance shares (Note 3)					
Dr Jacob Kam Chak-Pui (Note 4)	1/4/2022	132,000	–	132,000	132,000	–	–	26.10
	8/4/2022	133,700	–	44,568	44,568	–	–	25.45
	11/4/2023	54,700	–	36,467	36,467	–	–	28.02
	8/4/2024	87,100	392,050	479,150	87,100	–	392,050	28.58
	1/4/2025 (Note 7)	33,100	–	–	33,100	–	–	30.04
	8/4/2025 (Note 7)	90,600	–	–	90,600	–	–	30.04
Jeny Yeung Mei-chun	8/4/2022	46,000	–	15,334	15,334	–	–	25.45
	11/4/2023	25,100	–	16,734	8,366	–	8,368	26.00
	8/4/2024	41,700	93,550	135,250	13,900	–	121,350	25.65
	8/4/2025 (Note 7)	40,000	–	–	–	–	40,000	–
David Tang Chi-fai	8/4/2022	46,000	–	15,334	15,334	–	–	25.45
	11/4/2023	25,100	–	16,734	8,366	–	8,368	26.00
	8/4/2024	41,700	93,550	135,250	13,900	–	121,350	25.65
	8/4/2025 (Note 7)	40,000	–	–	–	–	40,000	–
Margaret Cheng Wai-ching	8/4/2022	39,500	–	13,168	13,168	–	–	25.45
	11/4/2023	23,300	–	15,534	7,766	–	7,768	26.00
	8/4/2024	38,650	93,550	132,200	12,883	–	119,317	25.65
	8/4/2025 (Note 7)	37,100	–	–	–	–	37,100	–
Linda Choy Siu-min	8/4/2022	32,200	–	10,734	10,734	–	–	25.45
	11/4/2023	17,550	–	11,700	5,850	–	5,850	26.00
	8/4/2024	24,200	93,550	117,750	8,066	–	109,684	25.65
	8/4/2025 (Note 7)	28,750	–	–	–	–	28,750	–
Carl Michael Devlin	8/4/2022	7,700	7,300	2,568	2,568	–	–	25.45
	11/4/2023	15,700	–	10,467	5,233	–	5,234	26.00
	8/4/2024	25,800	93,550	119,350	8,600	–	110,750	25.65
	8/4/2025 (Note 7)	30,700	–	–	–	–	30,700	–

EXECUTIVE SHARE INCENTIVE SCHEME *(continued)*

Members of the Executive Directorate and eligible employees	Date of award	Types of award shares granted (Note 1)		Award shares outstanding as at 1 January 2025	Award shares vested during the year	Award shares lapsed and/or forfeited during the year	Award shares outstanding as at 31 December 2025	Weighted average closing price of shares immediately before the date(s) on which the award shares were vested (HK\$)
		Restricted shares (Note 2)	Performance shares (Note 3)					
Michael George Fitzgerald	25/9/2023	60,900	–	40,600	20,300	–	20,300	26.62
	8/4/2024	30,150	93,550	123,700	10,050	–	113,650	25.65
	8/4/2025 (Note 7)	28,650	–	–	–	–	28,650	–
Dr Tony Lee Kar-yun (Note 5)	8/4/2022	34,050	–	11,350	11,350	–	–	25.45
	11/4/2023	14,850	–	9,900	9,900	–	–	26.15
	8/4/2024	30,600	93,550	124,150	30,600	–	93,550	26.08
	8/4/2025 (Note 7)	14,700	–	–	14,700	–	–	26.30
Gillian Elizabeth Meller	8/4/2022	34,600	–	11,534	11,534	–	–	25.45
	11/4/2023	19,550	–	13,034	6,516	–	6,518	26.00
	8/4/2024	25,950	93,550	119,500	8,650	–	110,850	25.65
	8/4/2025 (Note 7)	30,850	–	–	–	–	30,850	–
Sammy Wong Kwan-wai	8/4/2022	8,050	–	2,684	2,684	–	–	25.45
	11/4/2023	16,400	–	10,934	5,466	–	5,468	26.00
	8/4/2024	21,800	93,550	115,350	7,266	–	108,084	25.65
	8/4/2025 (Note 7)	25,900	–	–	–	–	25,900	–
Five highest paid individuals (Note 9)	1/4/2022	132,000	–	132,000	132,000	–	–	26.10
	8/4/2022	272,900	7,300	90,972	90,972	–	–	25.45
	11/4/2023	143,900	–	95,936	66,198	–	29,738	27.11
	8/4/2024	234,950	766,250	1,001,200	136,383	–	864,817	27.52
	1/4/2025	33,100	–	–	33,100	–	–	30.04
	8/4/2025	238,400	–	–	90,600	–	147,800	30.04
Other eligible employees (Note 6)	8/4/2022	2,125,450	233,400	525,784	521,530	4,254	–	25.45
	11/4/2023	2,349,300	42,850	1,334,772	717,031	23,261	594,480	26.10
	8/4/2024	3,731,850	1,987,000	5,552,050	1,334,575	140,220	4,077,255	25.85
	8/4/2025 (Note 7)	3,905,000	288,350	–	91,050	39,300	4,063,000	28.88

Notes:

- The award shares granted under the Executive Share Incentive Scheme are issued Ordinary Shares.
- 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).
- 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 of the Company from time to time.
- On 14 October 2025, the Company announced that Dr Jacob Kam Chak-pui had been appointed as a NED of the Company upon the expiry of his term as the CEO, whereupon he had ceased to be a Member of the Executive Directorate, all with effect from 1 January 2026. Dr Kam was also appointed by The Financial Secretary Incorporated as the Chairman of the Company with effect from 1 January 2026 until 31 December 2028 (both dates inclusive).
- Dr Tony Lee Kar-yun retired as the Operations and Innovation Director and ceased to be a Member of the Executive Directorate of the Company, both with effect from 1 May 2025.
- Other eligible employees also include former employees of the Company.
- The closing price of the Ordinary Shares immediately before the date on which the award shares were granted on 1 April 2025 and 8 April 2025 was HK\$25.45 and HK\$25.15 respectively.
- No award shares were cancelled during the year.
- With respect to the five highest paid individuals for the financial year, all five of them were Members of the Executive Directorate and details of the movements in their awarded shares under the Executive Share Incentive Scheme during the year ended 31 December 2025 are also shown in the table above.
- 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 112 to 113) and notes 2U(iii), 11B and 44 to the Consolidated Financial Statements in this Report.

SHARES ISSUED

There were no shares issued by the Company during the year. As at 31 December 2025, a total of 6,224,823,171 Ordinary Shares were issued and credited as fully paid.

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 bonds at par for notional amounts of RMB345 million (HKD399 million), HKD150 million, HKD150 million, HKD200 million, HKD200 million, HKD500 million and RMB260 million (HKD285 million) bonds on 21 January 2025, 14 September 2025, 19 September 2025, 28 September 2025, 29 September 2025, 29 September 2025 and 6 October 2025 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 2025. 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 4,341,500 Ordinary Shares for a total consideration of approximately HK\$113 million during the year ended 31 December 2025. The Company did not hold any treasury shares as at 31 December 2025.

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 2025 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	15.91%

	As a percentage of the Group's total revenue
Total revenue attributable to the Group's five largest customers	34.74%
Total revenue attributable to the Group's largest customer	20.36%

KCRC, being one of the Group's five largest customers, is a statutory public corporation wholly owned by Government. As at 31 December 2025, 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 Shareholder's Interests" above for further details).

As at 31 December 2025, the NEDs of the Company (excluding the then Board Chairman and all the Independent Non-executive Directors) and their Alternate Directors, whose names are listed on pages 135 to 136, were officials of Government.

Save as disclosed above, as at 31 December 2025, 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\$27.2 million to charitable and other organisations.

LOANS AND OTHER OBLIGATIONS

The total loans and other obligations of the Group as at 31 December 2025 amounted to HK\$88,923 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\$25,199 million equivalent during the year ended 31 December 2025, 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 TRANSACTIONS

During the year under review, the transactions described below were entered into with (i) Government (which is a substantial shareholder of the Company as defined in the Listing Rules); and (ii) Octopus Cards Limited ("OCL") and Octopus Transactions Limited ("OTL") (both of which are associates of Government as defined in the Listing Rules). Government, OCL and OTL are each a "connected person" of the Company for the purposes of the Listing Rules and the transactions described below are connected transactions 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").

I Land Agreements

In accordance with Rule 14A.71 of the Listing Rules and the conditions of the Waiver, the Company makes the following disclosures:

- A 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.
- B On 18 November 2025, the Company accepted an offer dated 8 October 2025 from Government to proceed with the proposed Tuen Mun A16 Station Package One Property Development at Site A of Tuen Mun Town Lot No. 576 on the terms and conditions of the relevant land grant. The land premium was

assessed at HK\$1,756,662,000. After deduction therefrom of the reduction amount pursuant to the project agreement in respect of Tuen Mun South Extension, nil net land premium was payable by the Company. The land grant of Tuen Mun Town Lot No. 576 was executed by both the Company and Government on 10 February 2026.

II Novation Agreement

As disclosed in the circular issued by the Company on 3 September 2007 in connection with the Rail Merger (the “2007 Circular”), the Waiver was updated in July 2005 to reflect the restructuring of OCL to include, amongst others, transactions between the Company, Octopus Holdings Limited (“OHL”) and OCL (and their respective subsidiaries).

In accordance with Rule 14A.71 of the Listing Rules and the conditions of the Waiver (as updated), the Company makes the following disclosures:

On 2 April 2025, the Company entered into a Novation Agreement with OCL and OTL, both being wholly owned subsidiaries of OHL, in respect of the novation of nine service contracts for the Automated Fare Collection Multiple Electronic Payment Projects at Heavy Rail, which were originally entered into between the Company and OCL with a total contract amount of HK\$176.65 million. Accordingly, OCL was released and discharged from each of the service contracts, and OTL undertook to perform each of the service contracts in place of OCL and agreed to be bound by the terms of each of the service contracts in place of OCL, all with effect from 1 May 2025.

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 Transactions”, 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 2025, each transaction set out at sections I, II, III and IV below constituted a continuing connected transaction for the Company under the Listing Rules.

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 2007 Circular, 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”).

Report of the Members of the Board

A Merger Framework Agreement

The Merger Framework Agreement was entered into on 9 August 2007 between the Company, KCRC and Government.

The Merger Framework Agreement contains provisions for the overall structure and certain specific aspects of the Rail Merger, including, amongst others, the following matters. Further details are set out in the section headed "Additional Information in respect of the Rail Merger" and the 2007 Circular.

- corporate governance of the Company Post-Rail Merger;
- arrangements relating to the establishment of a rolling programme on the level of flat production arising from tenders for railway property development; and
- arrangements in relation to the assessment of land premium amounts.

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 160 to 161).

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 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; and
- 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.

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 Government.

The Second SCL Agreement contains, amongst others, the following provisions. Further details are set out in the announcement of the Company dated 18 May 2011.

Report of the Members of the Board

- 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;
- 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;
- 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 Government.

The Third SCL Agreement contains, amongst others, the following provisions. Further details are set out in the announcement of the Company dated 29 May 2012.

- 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;
- 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;

- 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 Government.

Report of the Members of the Board

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; and
- 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.

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 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, amongst others, the following provisions. Further details are set out in the announcement of the Company dated 26 January 2010.

- 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;
- 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:

- Government will bear and finance the project cost up to HK\$84.42 billion;
- 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;
- 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);
- 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;
- 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

Report of the Members of the Board

(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 2025, please refer to Note 48L 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 (the "Subcontract"). 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 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 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, amongst others, the following provisions. Further details are set out in the announcement of the Company dated 13 July 2009.

- 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); and

- 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.

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 Government entered into the Amendment Operating Agreement (the "AOA") to amend and supplement the Operating Agreement dated 9 August 2007 (as described in paragraph C of the section headed "Additional Information in respect of the Rail Merger" on pages 161 to 162), 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.

Report of the Members of the Board

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 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 160 to 161) (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

Report of the Members of the Board

- (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 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 Government entered into the Amendment Operating Agreement (the “TML1 AOA”) and 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 Government entered into the Amendment Operating Agreement (the “TML AOA”) to amend, and the Company and 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

Report of the Members of the Board

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 Government entered into the Amendment Operating Agreement (the “SCL AOA”) and 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

Report of the Members of the Board

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 2007 Circular, 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 other paragraphs below of this section set out summaries of certain 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”.

Report of the Members of the Board

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 144) in consideration for the execution of the Property Package Agreements (as described in the 2007 Circular) 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 Operating Agreement

The Operating Agreement was entered into on 9 August 2007 between the Company and 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

Report of the Members of the Board

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 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 Government entered into the TML1 AOA and 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 Government further entered into the TML AOA, 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 Government entered into the SCL AOA and 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”.

D Memorandum on Performance Requirements

The Memorandum on Performance Requirements was signed by the Company and 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”.

E Additional Property Package Agreements

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.

F 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 2025, 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 and subordinated perpetual guaranteed capital securities 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 ("I&T EMC") 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. The Information Security Management Committee, chaired by the Chief Information Officer and reporting to the I&T EMC, provides oversight of information security issues and the implementation of the Company's cybersecurity strategies, policies and guidelines.

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 2025 and on 12 March 2026 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 172 to 258 have been prepared on a going concern basis. The Board has reviewed the Group's budget for 2026, 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, 12 March 2026

CONTENTS OF CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

166	Independent Auditor's Report	221	28	Investments in Securities
	Consolidated Financial Statements	221	29	Properties Held for Sale
172	Consolidated Statement of Profit or Loss	222	30	Derivative Financial Assets and Liabilities
173	Consolidated Statement of Comprehensive Income	226	31	Stores and Spares
174	Consolidated Statement of Financial Position	226	32	Debtors and Other Receivables
175	Consolidated Statement of Changes in Equity	227	33	Amounts Due from Related Parties
176	Consolidated Statement of Cash Flows	227	34	Cash, Bank Balances and Deposits
	Notes to the Consolidated Financial Statements	228	35	Loans and Other Obligations
177	1 Statement of Compliance	230	36	Creditors, Other Payables and Provisions
177	2 Material Accounting Policies	232	37	Amounts Due to Related Parties
189	3 Rail Merger with Kowloon-Canton Railway Corporation and Operating Arrangements for the High Speed Rail and the Shatin to Central Link	232	38	Obligations under Service Concession
190	4 Revenue from Hong Kong Transport Operations	232	39	Loans from Holders of Non-controlling Interests
191	5 Revenue from Hong Kong Station Commercial Businesses	233	40	Income Tax in the Consolidated Statement of Financial Position
191	6 Revenue from Hong Kong Property Rental and Management Businesses	234	41	Share Capital, Shares Held for Executive Share Incentive Scheme, Reserves, Company-level Movements in Components of Equity and Capital Management
191	7 Revenue and Expenses Relating to Chinese Mainland and International Subsidiaries	238	42	Perpetual Capital Securities
192	8 Revenue from Other Businesses	238	43	Other Cash Flows Information
192	9 Segmental Information	240	44	Fair Value Measurement
196	10 Operating Expenses	242	45	Share-based Payments
197	11 Remuneration of Members of the Board and the Executive Directorate	243	46	Retirement Schemes
201	12 Hong Kong Property Development Profit from Share of Surplus, Income and Interest in Unsold Properties	245	47	Defined Benefit Retirement Scheme
201	13 Loss from Fair Value Measurement of Investment Properties	248	48	Material Related Party Transactions
201	14 Depreciation and Amortisation	252	49	Commitments, Contingent Liabilities and Legal Proceedings
202	15 Interest and Finance Charges	256	50	Company-level Statement of Financial Position
203	16 Income Tax in the Consolidated Statement of Profit or Loss	257	51	Accounting Estimates and Judgements
205	17 Dividends	258	52	Possible Impact of Amendments, New Standards and Interpretations Issued but Not Yet Effective for the Year Ended 31 December 2025
205	18 Earnings Per Share	258	53	Approval of the Consolidated Financial Statements
206	19 Other Comprehensive Income/(Loss)			
206	20 Investment Properties and Other Property, Plant and Equipment			
210	21 Service Concession Assets			
212	22 Railway Construction Projects under Entrustment by the HKSAR Government			
216	23 Railway Construction in Progress			
218	24 Property Development in Progress			
218	25 Deferred Expenditure			
219	26 Investments in Subsidiaries			
220	27 Interests in Associates and Joint Ventures			

INDEPENDENT AUDITOR'S REPORT



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 172 to 258, which comprise the consolidated statement of financial position as at 31 December 2025, 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 2025 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as 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 ("HKSA") as 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"), as applicable to audits of financial statements of public interest entities. We have also 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
<p>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.</p> <p>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.</p> <p>In September 2018, construction of the HSR was completed following which commercial operations commenced.</p> <p>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.</p>	<p>Our audit procedures in relation to railway construction projects under entrustment by the HKSAR Government included the following:</p> <ul style="list-style-type: none">• 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
<p>SCL</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>In May 2022, construction of the SCL was completed following which commercial operations commenced.</p> <p>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.</p> <p>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.</p> <p>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.</p>	<ul style="list-style-type: none">• 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.

INDEPENDENT AUDITOR'S REPORT

Valuation of investment properties ("IP")	
Refer to note 20A to the consolidated financial statements and the accounting policies in note 2E(i)	
The Key Audit Matter	How the matter was addressed in our audit
<p>The fair value of the Group's IP as at 31 December 2025 was HK\$93,188 million, with a loss from fair value remeasurement for the year ended 31 December 2025 recorded in the consolidated statement of profit or loss of HK\$3,538 million.</p> <p>The Group's IP, which are mainly located in Hong Kong, principally comprise shopping malls and office premises.</p> <p>The fair values of the Group's IP were assessed by external property valuers based on independent valuations.</p> <p>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.</p>	<p>Our audit procedures to assess the valuation of the Group's IP included the following:</p> <ul style="list-style-type: none"> 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.
Assessing impairment of fixed assets other than assets carried at revalued amounts	
Refer to notes 20B and 21 to the consolidated financial statements and the accounting policies in note 2G(ii)	
The Key Audit Matter	How the matter was addressed in our audit
<p>The carrying value of the Group's fixed assets other than assets carried at revalued amounts as at 31 December 2025 totalled HK\$149,632 million and the related depreciation and amortisation charge for the year ended 31 December 2025 amounted to HK\$6,252 million.</p> <p>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.</p> <p>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.</p> <p>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 2025, 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.</p> <p>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.</p>	<p>Our audit procedures to assess the impairment of fixed assets other than assets carried at revalued amounts included the following:</p> <ul style="list-style-type: none"> 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.

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 2025/2026 amounted to HK\$6.5 billion. As of 31 December 2025, 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 amounted to HK\$0.2 billion. 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.

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.

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. On 27 May 2025, the Court of First Instance handed down its decision and granted leave for the Company to appeal against the Board of Review Decision. The Company has conferred with external legal counsel and its tax advisor and the advice obtained is that the Company currently continues to have strong legal grounds to support its position. As such, no additional tax provision has been made. The Company has proceeded with its appeal against the Board of Review and the hearing of the appeal before the Court of First Instance is scheduled to be held in early 2027.

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.

INDEPENDENT AUDITOR'S REPORT

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 as part of our engagement to audit the consolidated financial statements. We have performed an assurance engagement on the disclosed continuing connected transactions that form part of the other information and provided a separate assurance practitioner's conclusion thereon that is included within the other information.

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 HKFRS Accounting Standards as 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 HKSAAs 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 HKSAAs, 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 (practising certificate number: P05567).

KPMG

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

12 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December in HK\$ million	Note	2025	2024
Revenue from Hong Kong transport operations	4	23,595	23,013
Revenue from Hong Kong station commercial businesses	5	5,345	5,343
Revenue from Hong Kong property rental and management businesses	6	5,067	5,379
Revenue from Chinese Mainland and international railway, property rental and management subsidiaries	7	20,686	25,467
Revenue from other businesses	8	758	809
		55,451	60,011
Revenue from Chinese Mainland property development	7	14	–
Total revenue		55,465	60,011
Expenses relating to Hong Kong transport operations			
– Staff costs and related expenses	10A	(8,077)	(7,636)
– Maintenance and related works		(2,573)	(2,436)
– Energy and utilities		(2,296)	(2,289)
– General and administration expenses		(955)	(1,039)
– Stores and spares consumed		(689)	(729)
– Railway support services		(534)	(488)
– Government rent and rates		(247)	(192)
– Other expenses		(320)	(510)
		(15,691)	(15,319)
Expenses relating to Hong Kong station commercial businesses		(761)	(685)
Expenses relating to Hong Kong property rental and management businesses		(1,212)	(1,184)
Expenses relating to Chinese Mainland and international railway, property rental and management subsidiaries	7	(18,952)	(23,811)
Expenses relating to other businesses		(682)	(702)
Project study and business development expenses		(452)	(403)
		(37,750)	(42,104)
Expenses relating to Chinese Mainland property development	7	(5)	(3)
Operating expenses before depreciation, amortisation and variable annual payment	10	(37,755)	(42,107)
Operating profit/(loss) before Hong Kong property development, fair value measurement of investment properties, depreciation, amortisation and variable annual payment			
– Arising from recurrent businesses		17,701	17,907
– Arising from Chinese Mainland property development		9	(3)
		17,710	17,904
Hong Kong property development profit from share of surplus, income and interest in unsold properties	12	13,212	12,185
Loss from fair value measurement of investment properties	13	(2,060)	(1,703)
Operating profit before depreciation, amortisation and variable annual payment		28,862	28,386
Depreciation and amortisation	14	(6,396)	(6,144)
Variable annual payment		(3,330)	(3,025)
Share of profit of associates and joint ventures	27	787	1,340
Profit before interest, finance charges and taxation		19,923	20,557
Interest and finance charges	15	(1,006)	(1,032)
Profit before taxation		18,917	19,525
Income tax	16	(3,359)	(3,458)
Profit for the year		15,558	16,067
Attributable to:			
– Shareholders of the Company		14,677	15,772
– Perpetual capital securities holders		636	–
– Non-controlling interests		245	295
Profit for the year		15,558	16,067
Profit for the year attributable to shareholders of the Company:	9		
– Arising from recurrent businesses			
– in Hong Kong		4,962	5,981
– outside Hong Kong		691	1,229
		5,653	7,210
– Arising from property development			
– in Hong Kong		11,066	10,235
– outside Hong Kong		18	30
		11,084	10,265
– Arising from underlying businesses		16,737	17,475
– Arising from fair value measurement of investment properties		(2,060)	(1,703)
		14,677	15,772
Earnings per share:	18		
– Basic		HK\$2.36	HK\$2.54
– Diluted		HK\$2.36	HK\$2.54

The notes on pages 177 to 258 form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December in HK\$ million	Note	2025	2024
Profit for the year		15,558	16,067
Other comprehensive income/(loss) for the year (after taxation and reclassification adjustments):	19		
Items that will not be reclassified to profit or loss:			
– Loss on revaluation of self-occupied buildings		(162)	(127)
– Remeasurement of net asset of defined benefit schemes		204	144
		42	17
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		1,133	(762)
– non-controlling interests		37	(40)
– Net movement in hedging reserve		(1,118)	270
		52	(532)
		94	(515)
Total comprehensive income for the year		15,652	15,552
Attributable to:			
– Shareholders of the Company		14,734	15,297
– Perpetual capital securities holders		636	–
– Non-controlling interests		282	255
Total comprehensive income for the year		15,652	15,552

OVERVIEW

BUSINESS REVIEW AND ANALYSIS

CORPORATE GOVERNANCE

FINANCIALS AND OTHER INFORMATION

The notes on pages 177 to 258 form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in HK\$ million	Note	At 31 December 2025	At 31 December 2024
Assets			
Fixed assets			
– Investment properties	20A	93,188	96,322
– Other property, plant and equipment	20B	110,862	107,223
– Service concession assets	21	41,654	39,645
		245,704	243,190
Property management rights		7	9
Railway construction in progress	23	17,879	11,375
Property development in progress	24A	43,054	42,300
Deferred expenditure	25	138	64
Interests in associates and joint ventures	27	13,614	13,039
Deferred tax assets	40B	509	521
Investments in securities	28	7,276	1,952
Properties held for sale	29	2,862	2,422
Derivative financial assets	30	1,691	342
Stores and spares	31	3,021	2,421
Debtors and other receivables	32	13,562	15,780
Amounts due from related parties	33	5,379	6,198
Cash, bank balances and deposits	34	44,242	27,886
		398,938	367,499
Liabilities			
Short-term loans	35A	49	847
Creditors, other payables and provisions	36	58,824	69,417
Current taxation	40A	1,850	2,909
Amounts due to related parties	37	3,655	3,207
Loans and other obligations	35A	88,874	76,721
Obligations under service concession	38	9,886	9,969
Derivative financial liabilities	30	2,401	2,014
Loans from holders of non-controlling interests	39	125	116
Deferred tax liabilities	40B	16,879	16,166
		182,543	181,366
Net assets			
		216,395	186,133
Capital and reserves			
Share capital	41	61,287	61,287
Shares held for Executive Share Incentive Scheme		(298)	(299)
Other reserves		131,226	124,637
Total equity attributable to shareholders of the Company		192,215	185,625
Perpetual capital securities	42	23,496	–
Non-controlling interests		684	508
Total equity		216,395	186,133

Approved and authorised for issue by the Members of the Board on 12 March 2026

Jacob C P Kam
Chairman

Jeny M C Yeung
Chief Executive Officer

Michael G Fitzgerald
Finance Director

The notes on pages 177 to 258 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					Total equity attributable to shareholders of the Company	Perpetual capital securities	Non- controlling interests	Total equity
				Fixed assets revaluation reserve	Hedging reserve	Employee share-based capital reserve	Exchange reserve	Retained profits				
2025												
Balance as at 1 January 2025		61,287	(299)	3,721	(253)	139	(2,424)	123,454	185,625	-	508	186,133
Changes in equity for the year ended 31 December 2025:												
- Profit for the year		-	-	-	-	-	-	14,677	14,677	636	245	15,558
- Other comprehensive (loss)/ income for the year	19	-	-	(162)	(1,118)	-	1,133	204	57	-	37	94
- Total comprehensive (loss)/ income for the year		-	-	(162)	(1,118)	-	1,133	14,881	14,734	636	282	15,652
- Amounts transferred from hedging reserve to initial carrying amount of hedged items		-	-	-	(8)	-	-	-	(8)	-	-	(8)
- 2024 final ordinary dividend	17	-	-	-	-	-	-	(5,541)	(5,541)	-	-	(5,541)
- 2025 interim ordinary dividend	17	-	-	-	-	-	-	(2,614)	(2,614)	-	-	(2,614)
- Shares purchased for Executive Share Incentive Scheme	41B	-	(113)	-	-	-	-	-	(113)	-	-	(113)
- Vesting and forfeiture of award shares of Executive Share Incentive Scheme	41B	-	114	-	-	(110)	-	(4)	-	-	-	-
- Employee share-based payments		-	-	-	-	132	-	-	132	-	-	132
- Issuance of perpetual capital securities, net of transaction costs	42	-	-	-	-	-	-	-	-	23,472	-	23,472
- Distributions paid to perpetual capital securities holders		-	-	-	-	-	-	-	-	(612)	-	(612)
- Equity contributions from holders of non-controlling interests		-	-	-	-	-	-	-	-	-	136	136
- Dividends to holders of non-controlling interests		-	-	-	-	-	-	-	-	-	(242)	(242)
Balance as at 31 December 2025		61,287	(298)	3,559	(1,379)	161	(1,291)	130,176	192,215	23,496	684	216,395
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

The notes on pages 177 to 258 form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December in HK\$ million	Note	2025	2024
Cash flows from operating activities			
Cash generated from operations	43	15,887	19,741
Purchase of tax reserve certificates		(571)	(60)
Current tax paid			
– Hong Kong Profits Tax paid		(3,118)	(762)
– Tax paid outside Hong Kong		(324)	(428)
Net cash generated from operating activities		11,874	18,491
Cash flows from investing activities			
Capital expenditure			
– Purchase of assets for Hong Kong transport and related operations		(10,115)	(11,486)
– Hong Kong railway extension projects		(8,191)	(5,817)
– Investment property projects and fitting out work		(341)	(666)
– Shenzhen Metro Line 13 Phase 1 project		(833)	(1,310)
– Other capital projects		(114)	(137)
		(19,594)	(19,416)
Fixed and variable annual payments		(3,775)	(3,105)
Receipts in respect of property development		13,729	3,007
Payments in respect of property development		(2,896)	(1,259)
Decrease in bank deposits with more than three months to maturity when placed or pledged, and structured bank deposits		416	750
Dividends and distributions received from associates		699	639
Net capital recouped from/(investments in) associates and joint ventures		126	(73)
Net increase in investments in securities		(5,282)	(1,154)
Others		5	344
Net cash used in investing activities		(16,572)	(20,267)
Cash flows from financing activities			
Purchase of shares for Executive Share Incentive Scheme		(113)	(207)
Proceeds from loans and capital market instruments		63,087	45,842
Repayment of loans, capital market instruments and others		(55,464)	(27,405)
Interest and finance charges paid		(2,556)	(2,497)
Interest received		1,613	1,177
Capital element of lease rentals paid		(255)	(189)
Equity contributions from holders of non-controlling interests		136	6
Repayment of loan from holders of non-controlling interests		–	(13)
Net proceeds from issuance of perpetual capital securities		23,472	–
Distributions paid to perpetual capital securities holders		(612)	–
Dividends paid to equity shareholders of the Company		(8,155)	(7,946)
Dividends paid to holders of non-controlling interests		(242)	(265)
Net cash generated from financing activities		20,911	8,503
Net increase in cash and cash equivalents			
Cash and cash equivalents at 1 January		21,836	15,575
Effect of exchange rate changes		559	(466)
Cash and cash equivalents at 31 December	34	38,608	21,836

The notes on pages 177 to 258 form part of the consolidated financial statements.

NOTES TO 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 HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The HKFRS Accounting Standards are fully converged with IFRS Accounting 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 new or amended HKFRS Accounting Standards that are first effective or available for early adoption for accounting periods beginning on or after 1 January 2025. 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 HKFRS Accounting Standards 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 HKFRS Accounting Standards 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)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

Depreciation and interest expenses arising from right-of-use assets and lease liabilities related to railway construction projects and property development in progress are capitalised as "Railway Construction in Progress" and "Property Development in Progress."

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(ii)), 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 and/or at construction 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 and the Group is obligated to operate the related railway, 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 and the Group is obligated to operate the related railway, 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 Chinese Mainland, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Material Accounting Policies *(continued)*

M Investments in Securities

Investments in securities (other than investments in subsidiaries, associates and joint ventures) are classified into one of the following measurement categories:

(i) Non-equity investments

Non-equity investments are classified as fair value through profit or loss ("FVPL") when the contractual cash flows of the investment do not represent solely payments of principal and interest or the Group irrevocably designates the investment as measured at FVPL at initial recognition. Changes in the fair value of the investment (including interest) are recognised in the consolidated statement of profit or loss. If the contractual cash flows of the non-equity investments represent solely payments of principal and interest, and the Group does not designate the investment as measured at FVPL at initial recognition, the investment would be classified as amortised cost, as the Group does not invest in such instruments other than principally to collect those contractual cash flows. Interest income calculated using the effective interest method (see note 2Z) and foreign exchange gain and losses are recognised in the consolidated statement of profit or loss.

(ii) Equity investments

An investment in equity securities is classified as FVPL. Dividends from an investment in equity securities are recognised in the consolidated statement of 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.

2 Material Accounting Policies *(continued)*

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.

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) Costs of Hedging

Foreign currency basis spread of financial instruments may be separated and excluded from the designated hedging instruments. If the Group excludes the foreign currency basis spread of a financial instrument (the "excluded elements") from the designation of a hedging instrument, then the fair value changes of these excluded elements are recognised in other comprehensive income and accumulated in the costs of hedging reserve within equity. These elements at the date of designation (to the extent that they relate to the hedged item) are amortised on a systematic and rational basis to profit or loss over the hedging period.

(v) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Material Accounting Policies *(continued)*

U Employee Benefits *(continued)*

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.

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.

2 Material Accounting Policies *(continued)*

V Income Tax *(continued)*

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	2025	2024
Domestic Service	14,681	14,507
Cross-boundary Service	3,796	3,562
High Speed Rail and Intercity Service	3,461	3,338
Airport Express	854	803
Light Rail and Bus	712	698
Others	91	105
	23,595	23,013

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	2025	2024
Duty free shops and kiosks	3,664	3,616
Advertising	1,000	1,021
Telecommunication income	546	582
Other station commercial income	135	124
	5,345	5,343

6 Revenue from Hong Kong Property Rental and Management Businesses

Revenue from Hong Kong property rental and management businesses comprises:

in HK\$ million	2025	2024
Property rental income	4,736	5,076
Property management income	331	303
	5,067	5,379

7 Revenue and Expenses Relating to Chinese Mainland and International Subsidiaries

Revenue and expenses relating to Chinese Mainland and international subsidiaries comprise:

in HK\$ million	2025		2024	
	Revenue	Expenses*	Revenue	Expenses*
Melbourne's Metropolitan Rail Services	12,237	11,381	12,996	12,131
Sydney Metro – M1 Metro North West and Bankstown Line**	1,511	1,395	1,601	1,445
Sydney Metro City & Southwest (Design and Delivery)	882	825	1,225	1,139
MTR Nordic***	2,715	2,485	3,730	3,558
London Elizabeth Line	1,378	1,130	3,255	3,051
Shenzhen Metro Line 4 ("SZL4")	826	658	800	662
Shenzhen Metro Line 13 ("SZL13") Phase 1 project	978	1,056	1,312	1,313
Others	159	22	548	512
	20,686	18,952	25,467	23,811
Property development in Chinese Mainland	14	5	–	3
Total Chinese Mainland and international subsidiaries	20,700	18,957	25,467	23,814

* Expenses include staff costs of HK\$9,152 million (2024: HK\$10,599 million) (note 10A) and maintenance and related work costs of HK\$2,635 million (2024: HK\$3,247 million).

** The 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 mainly comprises the Stockholm Metro and MTR Tech (2024: Stockholm Metro, MTR Tech, MTRX, Stockholm Commuter Rail ("Stockholms pendeltåg") and Mälartåg) operations in Sweden.

The Group completed handover to the next operators for London Elizabeth Line and Stockholm Metro in Sweden in May 2025 and November 2025 respectively, disposed of its operations of Beijing Ginza Mall in Chinese Mainland 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 Chinese Mainland 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 Revenue from Other Businesses

Revenue from other businesses comprises income from:

in HK\$ million	2025	2024
Ngong Ping 360	483	489
Consultancy business	191	234
Miscellaneous businesses	84	86
	758	809

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 Chinese Mainland 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 Chinese Mainland 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 Chinese Mainland.
- (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) Chinese Mainland 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 Chinese Mainland.
- (vi) Chinese Mainland property development: Property development activities in Chinese Mainland.
- (vii) Other businesses: Businesses not directly relating to transport operations 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:

in HK\$ million	Hong Kong transport services			Chinese Mainland and international affiliates				Un-allocated amount	Total
	Hong Kong transport operations	Hong Kong station commercial businesses	Hong Kong property rental and management businesses	Hong Kong property development	Chinese Mainland and international railway, property rental and management businesses	Chinese Mainland property development	Other businesses		
2025									
Revenue from contracts with customers within the scope of HKFRS 15	23,595	1,697	427	–	20,619	14	729	–	47,081
– Recognised at a point in time	22,199	46	–	–	3,753	14	481	–	26,493
– Recognised over time	1,396	1,651	427	–	16,866	–	248	–	20,588
Revenue from other sources	–	3,648	4,640	–	67	–	29	–	8,384
– Lease payments that are fixed or depend on an index or a rate	–	3,588	4,511	–	66	–	11	–	8,176
– Variable lease payments that do not depend on an index or a rate	–	60	129	–	1	–	–	–	190
– Others	–	–	–	–	–	–	18	–	18
Total revenue	23,595	5,345	5,067	–	20,686	14	758	–	55,465
Operating expenses	(15,691)	(761)	(1,212)	–	(18,952)	(5)	(682)	–	(37,303)
Project study and business development expenses	–	–	–	–	(258)	–	–	(194)	(452)
Operating profit/(loss) before Hong Kong property development, fair value measurement of investment properties, depreciation, amortisation and variable annual payment	7,904	4,584	3,855	–	1,476	9	76	(194)	17,710
Hong Kong property development profit from share of surplus, income and interest in unsold properties	–	–	–	13,212	–	–	–	–	13,212
Loss from fair value measurement of investment properties	–	–	(1,839)	–	(221)	–	–	–	(2,060)
Operating profit/(loss) before depreciation, amortisation and variable annual payment	7,904	4,584	2,016	13,212	1,255	9	76	(194)	28,862
Depreciation and amortisation	(5,492)	(267)	(27)	–	(536)	–	(74)	–	(6,396)
Variable annual payment	(2,666)	(657)	(7)	–	–	–	–	–	(3,330)
Share of profit of associates and joint ventures	–	–	–	–	380	–	407	–	787
(Loss)/profit before interest, finance charges and taxation	(254)	3,660	1,982	13,212	1,099	9	409	(194)	19,923
Interest and finance charges	–	–	–	–	17	26	–	(1,049)	(1,006)
Income tax	–	–	–	(2,146)	(401)	(17)	–	(795)	(3,359)
(Loss)/profit for the year ended 31 December 2025	(254)	3,660	1,982	11,066	715	18	409	(2,038)	15,558
Assets									
Fixed assets	140,185	3,423	92,080	–	9,617	–	399	–	245,704
Other segment assets	8,791	811	726	2,278	8,046	1,808	931	44,504	67,895
Property management rights	–	–	7	–	–	–	–	–	7
Railway construction in progress	17,879	–	–	–	–	–	–	–	17,879
Property development in progress	–	–	–	43,054	–	–	–	–	43,054
Deferred expenditure	122	–	–	16	–	–	–	–	138
Deferred tax assets	–	1	–	–	483	2	–	23	509
Investments in securities	–	–	–	–	12	386	807	6,071	7,276
Properties held for sale	–	–	–	2,857	–	5	–	–	2,862
Interests in associates and joint ventures	–	–	–	–	11,780	–	1,834	–	13,614
Total assets	166,977	4,235	92,813	48,205	29,938	2,201	3,971	50,598	398,938
Liabilities									
Segment liabilities	28,202	2,081	2,866	21,967	10,237	302	716	106,286	172,657
Obligations under service concession	9,729	–	–	–	157	–	–	–	9,886
Total liabilities	37,931	2,081	2,866	21,967	10,394	302	716	106,286	182,543
Other information									
Capital expenditure on:									
Fixed assets	11,000	311	329	–	3,160	–	39	–	14,839
Deferred expenditure	60	–	–	16	–	–	–	–	76
Railway construction in progress	9,178	–	–	–	–	–	–	–	9,178
Property development in progress	–	–	–	5,768	–	–	–	–	5,768

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9 Segmental Information (continued)

in HK\$ million	Hong Kong transport services			Chinese Mainland and international affiliates				Un-allocated amount	Total
	Hong Kong transport operations	Hong Kong station commercial businesses	Hong Kong property rental and management businesses	Hong Kong property development	Chinese Mainland and international railway, property rental and management businesses	Chinese Mainland property development	Other businesses		
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)*

For the year ended 31 December 2025, profit attributable to shareholders of the Company arising from recurrent businesses in Hong Kong of HK\$4,962 million (2024: HK\$5,981 million) represents (i) the profit for the year of HK\$7,636 million (2024: HK\$8,358 million) arising from recurrent businesses in Hong Kong (after excluding loss from fair value measurement of investment properties of HK\$1,839 million (2024: HK\$1,329 million)), (ii) unallocated expenses of HK\$2,038 million (2024: HK\$2,377 million) in Hong Kong, and (iii) net of profit attributable to perpetual capital securities holders of HK\$636 million (2024: HK\$nil).

For the year ended 31 December 2025, profit attributable to shareholders of the Company arising from recurrent businesses outside Hong Kong of HK\$691 million (2024: HK\$1,229 million) represents (i) the profit for the year of HK\$936 million (2024: HK\$1,524 million) arising from recurrent business outside Hong Kong (after excluding loss from fair value measurement of investment properties of HK\$221 million (2024: HK\$374 million)), and (ii) net of profit attributable to non-controlling interests of HK\$245 million (2024: HK\$295 million).

For the year ended 31 December 2025, loss attributable to shareholders of the Company arising from fair value measurement of investment properties of HK\$2,060 million (2024: HK\$1,703 million) represents loss from fair value remeasurement on investment properties of HK\$3,538 million (2024: HK\$3,821 million), and gain from fair value measurement of investment properties on initial recognition from property development of HK\$1,478 million (2024: HK\$2,118 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 2025, revenue from one customer (2024: one customer) of Chinese Mainland and international railway, property rental and management businesses segment has exceeded 10% of the Group's revenue. Approximately 20.36% of the Group's total revenue was attributable to the customer (2024: 18.88%).

For the year ended 31 December 2025, profit before tax attributable to joint operations of HK\$14,680 million (2024: HK\$14,250 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.

in HK\$ million	Revenue from external customers		Specified non-current assets	
	2025	2024	2025	2024
Hong Kong SAR (place of domicile)	34,758	34,531	299,050	289,820
Australia	14,630	15,822	853	841
Chinese Mainland and Macao SAR	1,966	2,592	20,493	19,300
Sweden	2,715	3,730	-	12
United Kingdom	1,396	3,336	-	4
	20,707	25,480	21,346	20,157
	55,465	60,011	320,396	309,977

As at 31 December 2025, aggregated amount of the transaction price allocated to the remaining performance obligation under the Group's existing contracts is HK\$27,126 million (2024: HK\$33,423 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 Operating Expenses

A Total staff costs include:

in HK\$ million	2025	2024
Amounts charged to consolidated statement of profit or loss account under:		
– staff costs and related expenses for Hong Kong transport operations	8,077	7,636
– maintenance and related works for Hong Kong transport operations	102	121
– other expense line items for Hong Kong transport operations	137	108
– expenses relating to Hong Kong station commercial businesses	153	145
– expenses relating to Hong Kong property rental and management businesses	256	245
– expenses relating to Chinese Mainland and international subsidiaries	9,152	10,599
– expenses relating to other businesses	331	315
– project study and business development expenses	328	209
Amounts capitalised in the consolidated statement of financial position under:		
– assets under construction and other projects	1,253	1,277
– service concession assets	697	764
– railway construction in progress before offset by government grant	946	940
– property development in progress	550	349
Amounts recoverable	729	690
Total staff costs	22,711	23,398

Amounts recoverable relate to property management, entrustment works and other agreements.

The following expenditures are included in total staff costs:

in HK\$ million	2025	2024
Share-based payments	132	137
Contributions to defined contribution retirement schemes and Mandatory Provident Fund	1,351	1,304
Amounts recognised in respect of defined benefit retirement schemes	307	319
	1,790	1,760

B Auditors' remuneration charged to the consolidated statement of profit or loss include:

in HK\$ million	2025	2024
Audit services	24	24
Other audit related services	7	6
Tax services	4	2
Other non-audit services	1	5
	36	37

C Loss on disposal of fixed assets of HK\$122 million (2024: HK\$167 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
2025					
Members of the Board					
– Rex Auyeung Pak-kuen (retired on 1 January 2026)	1.8	–	–	–	1.8
– Andrew Clifford Winawer Brandler	0.6	–	–	–	0.6
– Bunny Chan Chung-bun	0.5	–	–	–	0.5
– Walter Chan Kar-lok (retired on 21 May 2025)**	0.2	–	–	–	0.2
– Cheng Yan-kee	0.6	–	–	–	0.6
– Hui Siu-wai	0.5	–	–	–	0.5
– Ayesha Macpherson Lau	0.6	–	–	–	0.6
– Sunny Lee Wai-kwong	0.6	–	–	–	0.6
– Jimmy Ng Wing-ka	0.5	–	–	–	0.5
– Susanna Shen Shuk-ching (appointed on 21 May 2025)*	0.3	–	–	–	0.3
– 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 (retired on 1 January 2026)***	–	14.8	1.5	9.9	26.2
– Jeny Yeung Mei-chun****	–	7.0	1.1	4.0	12.1
– David Tang Chi-fai	–	7.1	1.1	4.0	12.2
– Margaret Cheng Wai-ching	–	6.5	0.9	3.7	11.1
– Linda Choy Siu-min	–	5.1	0.7	2.8	8.6
– Carl Michael Devlin~	–	7.6	~	3.3	10.9
– Michael George Fitzgerald	–	6.4	0.9	3.2	10.5
– Tony Lee Kar-yun (retired on 1 May 2025)*****	–	2.7	0.2	1.0	3.9
– Gillian Elizabeth Meller	–	5.4	0.8	2.8	9.0
– Sammy Wong Kwan-wai	–	4.8	0.7	2.6	8.1
	10.5	67.4	7.9	37.3	123.1

* Susanna S C Shen 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 2025.

** Walter K L Chan retired as a Member of the Board on the date shown in the above table. The amount of his emolument shown in the above table covers the period from 1 January 2025 to the date of his retirement.

*** Jacob C P Kam was appointed as a non-executive Director of the Company upon the expiry of his term as the Chief Executive Officer of the Company ("CEO"), whereupon he ceased to be a Member of the Executive Directorate, all with effect from 1 January 2026. The amount of his emolument for the position as the CEO shown in the above table covers the period from 1 January 2025 to 31 December 2025.

**** Jeny M C Yeung was appointed as the CEO and a Member of the Board with effect from 1 January 2026.

***** Tony K Y Lee retired as a Member of the Executive Directorate on the date shown in the above table. The amount of his emolument shown in the above table covers the period from 1 January 2025 to 30 April 2025.

~ 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 2025 for Carl M Devlin, who participated in MTR Mandatory Provident Fund Scheme (as described in note 46A(iii)) was HK\$18,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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
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-ye	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
– David Tang Chi-fai	–	7.2	1.0	3.4	11.6
– 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
– 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 CEO, also served as a Member of the Board.

~ The Company had 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 46A(iii)) was HK\$18,000.

Wilson Kwong Wing-tsuen was appointed as a Member of the Executive Directorate with effect from 28 January 2026.

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 2024 to 4 December 2024 and Mable Chan for the period from 5 December 2024 to 31 December 2025), the office of the Permanent Secretary for Development (Works) (Ricky Lau Chun-kit) and the office of the Commissioner for Transport (Angela Lee Chung-yan), 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 2025 and 2024, if any, are as follows:

- Jacob C P Kam was granted 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, 87,100 Restricted Shares and 392,050 Performance Shares on 8 April 2024, 33,100 Contract-end Restricted Shares on 1 April 2025, and 90,600 Restricted Shares on 8 April 2025, of which a total of 423,835 Restricted Shares were vested in 2025 (2024: 80,383 Restricted Shares and 268,790 Performance Shares), and the respective fair value of the share-based payments recognised for the year ended 31 December 2025 was HK\$8.6 million (2024: HK\$9.6 million). No award shares were lapsed/forfeited in 2025 (2024: nil);
- Jeny M C Yeung was granted 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, 41,700 Restricted Shares and 93,550 Performance Shares on 8 April 2024, and 40,000 Restricted Shares on 8 April 2025, of which a total of 37,600 Restricted Shares were vested in 2025 (2024: 29,433 Restricted Shares and 64,372 Performance Shares), and the respective fair value of the share-based payments recognised for the year ended 31 December 2025 was HK\$1.8 million (2024: HK\$2.3 million). No award shares were lapsed/forfeited in 2025 (2024: nil);
- David C F Tang was granted 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, 41,700 Restricted Shares and 93,550 Performance Shares on 8 April 2024, and 40,000 Restricted Shares on 8 April 2025, of which a total of 37,600 Restricted Shares were vested in 2025 (2024: 29,433 Restricted Shares and 64,372 Performance Shares), and the respective fair value of the share-based payments recognised for the year ended 31 December 2025 was HK\$1.8 million (2024: HK\$2.3 million). No award shares were lapsed/forfeited in 2025 (2024: nil);
- Margaret W C Cheng was granted 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, 38,650 Restricted Shares and 93,550 Performance Shares on 8 April 2024, and 37,100 Restricted Shares on 8 April 2025, of which a total of 33,817 Restricted Shares were vested in 2025 (2024: 26,750 Restricted Shares and 64,372 Performance Shares), and the respective fair value of the share-based payments recognised for the year ended 31 December 2025 was HK\$1.8 million (2024: HK\$2.3 million). No award shares were lapsed/forfeited in 2025 (2024: 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, 24,200 Restricted Shares and 93,550 Performance Shares on 8 April 2024, and 28,750 Restricted Shares on 8 April 2025, of which a total of 24,650 Restricted Shares were vested in 2025 (2024: 21,083 Restricted Shares and 64,372 Performance Shares), and the respective fair value of the share-based payments recognised for the year ended 31 December 2025 was HK\$1.5 million (2024: HK\$1.9 million). No award shares were lapsed/forfeited in 2025 (2024: 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, 25,800 Restricted Shares and 93,550 Performance Shares on 8 April 2024, and 30,700 Restricted Shares on 8 April 2025, of which a total of 16,401 Restricted Shares were vested in 2025 (2024: 7,799 Restricted Shares and 9,820 Performance Shares), and the respective fair value of the share-based payments recognised for the year ended 31 December 2025 was HK\$1.5 million (2024: HK\$1.3 million). No award shares were lapsed/forfeited in 2025 (2024: nil);
- Michael G Fitzgerald was granted 60,900 Restricted Shares on 25 September 2023, 30,150 Restricted Shares and 93,550 Performance Shares on 8 April 2024, and 28,650 Restricted Shares on 8 April 2025, of which a total of 30,350 Restricted Shares were vested in 2025 (2024: 20,300 Restricted Shares), and the respective fair value of the share-based payments recognised for the year ended 31 December 2025 was HK\$1.8 million (2024: HK\$1.9 million). No award shares were lapsed/forfeited in 2025 (2024: nil);

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11 Remuneration of Members of the Board and the Executive Directorate

(continued)

A Remuneration of Members of the Board and the Executive Directorate (continued)

- Tony K Y Lee was granted 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, 30,600 Restricted Shares and 93,550 Performance Shares on 8 April 2024, and 14,700 Restricted Shares on 8 April 2025, of which a total of 66,550 Restricted Shares were vested in 2025 (2024: 20,818 Restricted Shares and 64,372 Performance Shares), and the respective fair value of the share-based payments recognised for the year ended 31 December 2025 was HK\$1.7 million (2024: HK\$2.0 million). No award shares were lapsed/forfeited in 2025 (2024: nil);
- Gillian E Meller was granted 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, 25,950 Restricted Shares and 93,550 Performance Shares on 8 April 2024, and 30,850 Restricted Shares on 8 April 2025, of which a total of 26,700 Restricted Shares were vested in 2025 (2024: 22,799 Restricted Shares and 64,372 Performance Shares), and the respective fair value of the share-based payments recognised for the year ended 31 December 2025 was HK\$1.5 million (2024: HK\$2.0 million). No award shares were lapsed/forfeited in 2025 (2024: nil); and
- Sammy K W Wong was granted 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, 21,800 Restricted Shares and 93,550 Performance Shares on 8 April 2024, and 25,900 Restricted Shares on 8 April 2025, of which a total of 15,416 Restricted Shares were vested in 2025 (2024: 10,599 Restricted Shares and 13,587 Performance Shares), and the respective fair value of the share-based payments recognised for the year ended 31 December 2025 was HK\$1.4 million (2024: HK\$1.3 million). No award shares were lapsed/forfeited in 2025 (2024: 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 45.

(iii) For the years ended 31 December 2025 and 2024, 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\$146.5 million (2024: HK\$138.9 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. Dr Jacob C P Kam was appointed by the FSI as non-executive Chairman of the Company for a term commencing from 1 January 2026 until 31 December 2028 (both dates inclusive).

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 2025 are set out in the Report of the Members of the Board.

Under the Executive Share Incentive Scheme as described in note 45, 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	2025	2024
Share of surplus, income and interest in unsold properties from property development	13,202	12,132
Agency fee and other income from West Rail property development (note 24C)	15	60
Overheads	(5)	(7)
Hong Kong property development profit (pre-tax)	13,212	12,185
Hong Kong property development profit (post-tax)	11,066	10,235

For the year ended 31 December 2025, profit attributable to shareholders of the Company arising from Hong Kong property development of HK\$11,066 million (2024: HK\$10,235 million) represents Hong Kong property development profit of HK\$13,212 million (2024: HK\$12,185 million) and related income tax expenses of HK\$2,146 million (2024: HK\$1,950 million).

13 Loss from Fair Value Measurement of Investment Properties

Loss from fair value measurement of investment properties comprises:

in HK\$ million	2025	2024
Loss from fair value remeasurement on investment properties	(3,538)	(3,821)
Gain from fair value measurement of investment properties on initial recognition from property development	1,478	2,118
	(2,060)	(1,703)

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 2025, after reassessing the outstanding risks and obligations retained by the Group at the end of reporting period, the remaining HK\$1.5 billion (2024: HK\$2.1 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 2025, deferred income of HK\$nil (2024: HK\$1.5 billion) was recognised in the Group's consolidated statement of financial position and included in "Creditors, other payables and provisions" (note 36).

14 Depreciation and Amortisation

Depreciation and amortisation comprise:

in HK\$ million	2025	2024
Depreciation charge relating to:		
– Owned property, plant and equipment	3,713	3,574
– Right-of-use assets	324	357
	4,037	3,931
Amortisation charge:		
– Amortisation charge relating to service concession assets and other intangible assets	2,359	2,213
	6,396	6,144

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15 Interest and Finance Charges

in HK\$ million	2025	2024
Interest expenses in respect of:		
– Bank loans, overdrafts and capital market instruments	2,861	2,611
– Obligations under service concession	671	676
– Lease liabilities	44	21
– Others	–	20
Finance charges	106	56
Exchange loss/(gain)	439	(389)
	4,121	2,995
Derivative financial instruments:		
– Fair value hedges	111	(105)
– Cash flow hedges:		
– transferred from hedging reserve to interest expenses	(60)	(127)
– transferred from hedging reserve to offset exchange (loss)/gain	(169)	476
– hedge ineffectiveness	35	–
– transferred from hedging reserve upon discontinuation of cash flow hedge	–	(4)
– Transferred from costs of hedging reserve	132	–
– Derivatives not adopting hedge accounting	1	2
	50	242
Interest expenses capitalised	(1,306)	(964)
	2,865	2,273
Interest income in respect of:		
– Deposits with banks	(1,709)	(1,105)
– Others	(150)	(136)
	(1,859)	(1,241)
	1,006	1,032

During the year ended 31 December 2025, 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 3.2% to 3.9% per annum (2024: 3.5% to 3.9% per annum).

During the year ended 31 December 2025, the loss resulting from fair value changes of the underlying financial assets and liabilities being hedged under fair value hedge was HK\$1,830 million (2024: gain of HK\$126 million) while the gain resulting from fair value changes of hedging instruments comprising interest rate and cross currency swaps was HK\$1,719 million (2024: loss of HK\$29 million), thus resulting in a net loss of HK\$111 million (2024: net gain of HK\$97 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	2025	2024
Current tax		
– Hong Kong Profits Tax	2,016	2,086
– Tax outside Hong Kong	374	389
	2,390	2,475
Deferred tax		
– Origination and reversal of temporary differences on:		
– tax losses	8	7
– depreciation allowances in excess of related depreciation	960	1,018
– provisions and others	(1)	(44)
– right-of-use assets	2	(12)
– lease liabilities	–	14
	969	983
	3,359	3,458

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 2025 is calculated at 16.5% (2024: 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.

Current taxes for subsidiaries outside Hong Kong are charged at the appropriate current rates of taxation ruling in the relevant tax jurisdictions.

The provision of Land Appreciation Tax is estimated according to the requirements set forth in the relevant Chinese Mainland tax laws and regulations. Land Appreciation Tax has been provided at ranges of progressive rates of the appreciation value, with certain allowable deductions. During the year ended 31 December 2025, Land Appreciation Tax (before tax effect on deduction of Corporate Income Tax) of HK\$3 million (2024: HK\$nil) was charged to profit or loss.

Provision for deferred tax on temporary differences arising in Hong Kong is calculated at the Hong Kong Profits Tax rate at 16.5% (2024: 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 2025/2026 amounted to HK\$6.5 billion (2024: for the years of tax assessment from 2007/2008 to 2024/2025 amounted to HK\$5.8 billion).

(i) As of 31 December 2025, 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 2018/2019 (2024: 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\$2.8 billion (2024: 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. The hearing of appeal was held before the Board of Review in early 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 Income Tax in the Consolidated Statement of Profit or Loss *(continued)*

(iv) 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.

(v) 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.

(vi) On 27 May 2025, the Court of First Instance handed down its decision and granted leave for the Company to appeal against the Board of Review Decision. The Company has conferred with external legal counsel and its tax advisor and the advice obtained is that the Company continues to have strong legal grounds to support its position. As such, the Company has proceeded with its appeal against the Board of Review Decision and no additional tax provision has been made. The hearing of the appeal before the Court of First Instance is scheduled to be held in early 2027.

As mentioned above, the total tax amount in respect of the Sums for the years of assessment from 2007/2008 to 2025/2026 amounted to HK\$6.5 billion (2024: for the years of assessment from 2007/2008 to 2024/2025 amounted to HK\$5.8 billion). As at 31 December 2025, the related tax provision made for the amortisation of upfront payment and cut-over liabilities amounted to HK\$0.2 billion (2024: HK\$0.2 billion), of which HK\$14 million (2024: HK\$nil) was utilised during the year ended 31 December 2025 for the settlement of the related additional profits tax assessment.

C Reconciliation between tax expense and accounting profit or loss at applicable tax rates:

	2025		2024	
	HK\$ million	%	HK\$ million	%
Profit before taxation	18,917		19,525	
Notional tax on profit before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned	3,130	16.5	3,390	17.4
Land Appreciation Tax (net of tax effect on deduction of Corporate Income Tax)	2	–	–	–
Tax effect of non-deductible expenses	985	5.2	809	4.1
Tax effect of non-taxable revenue	(788)	(4.2)	(786)	(4.0)
Tax effect of unused tax losses not recognised	118	0.6	63	0.3
Utilisation of tax losses previously not recognised	(103)	(0.4)	(18)	(0.1)
Current income tax impact arising from Pillar Two model rules (note 16D)	15	0.1	–	–
Actual tax expenses	3,359	17.8	3,458	17.7

D Pillar Two Income Taxes

The Group has key operations in Australia, Sweden, the United Kingdom and Hong Kong, where these jurisdictions have 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 2025, the Group has recognised HK\$15 million (2024: HK\$nil) for the current tax relating to the Pillar Two model rules where new tax laws, for Australia, Sweden and the United Kingdom are effective from 1 January 2024, and for Hong Kong is effective from 1 January 2025.

17 Dividends

Ordinary dividends to shareholders of the Company are as follows:

in HK\$ million	2025	2024
Ordinary dividends attributable to the year		
– Interim ordinary dividend declared and paid of HK\$0.42 (2024: HK\$0.42) per share	2,614	2,614
– Final ordinary dividend proposed after the end of the reporting period of HK\$0.89 (2024: HK\$0.89) per share	5,541	5,541
	8,155	8,155
Ordinary dividends attributable to the previous year		
– Final ordinary dividend of HK\$0.89 (2024: HK\$0.89 per share attributable to year 2023) per share approved and paid during the year	5,541	5,533

The 2025 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 48R.

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 2025 of HK\$14,677 million (2024: HK\$15,772 million) and the weighted average number of ordinary shares in issue less shares held for Executive Share Incentive Scheme, which is calculated as follows:

	2025	2024
Issued ordinary shares at 1 January	6,224,823,171	6,217,197,282
Effect of scrip dividend issued	–	3,521,244
Less: Shares held for Executive Share Incentive Scheme	(10,406,715)	(8,057,365)
Weighted average number of ordinary shares in issue less shares held for Executive Share Incentive Scheme during the year	6,214,416,456	6,212,661,161

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 2025 of HK\$14,677 million (2024: HK\$15,772 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:

	2025	2024
Weighted average number of ordinary shares in issue less shares held for Executive Share Incentive Scheme during the year	6,214,416,456	6,212,661,161
Effect of shares awarded under Executive Share Incentive Scheme	10,549,478	8,725,631
Weighted average number of ordinary shares (diluted) during the year	6,224,965,934	6,221,386,792

C Both basic and diluted earnings per share would have been HK\$2.69 (2024: HK\$2.81), if the calculation is based on profit attributable to shareholders of the Company arising from underlying businesses of HK\$16,737 million (2024: HK\$17,475 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19 Other Comprehensive Income/(Loss)

Tax effects relating to each component of other comprehensive income/(loss) of the Group are shown below:

in HK\$ million	2025			2024		
	Before-tax amount	Tax credit/(expense)	Net-of-tax amount	Before-tax amount	Tax credit/(expense)	Net-of-tax amount
Exchange differences on translation of:						
– Financial statements of subsidiaries, associates and joint ventures outside Hong Kong	1,133	–	1,133	(762)	–	(762)
– Non-controlling interests	37	–	37	(40)	–	(40)
	1,170	–	1,170	(802)	–	(802)
Loss on revaluation of self-occupied buildings	(194)	32	(162)	(152)	25	(127)
Remeasurement of net asset of defined benefit schemes	239	(35)	204	170	(26)	144
Net movement in hedging reserve (note 41C)	(1,339)	221	(1,118)	323	(53)	270
Other comprehensive (loss)/income	(124)	218	94	(461)	(54)	(515)

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 Chinese Mainland and carried at fair value, are as follows:

in HK\$ million	2025	2024
At 1 January	96,322	98,205
Additions*	344	2,053
Disposal of a subsidiary	–	(93)
Fair value remeasurement on investment properties (note 13)	(3,538)	(3,821)
Exchange differences	60	(22)
At 31 December	93,188	96,322

* Additions for the year ended 31 December 2024 included the amount reclassified from prepayment of HK\$1,522 million.

All investment properties of the Group were remeasured at 31 December 2025 and 2024. Details of the fair value measurement are disclosed in note 44. Investment properties in Hong Kong and Chinese Mainland 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 2025 was HK\$1,227 million (2024: HK\$1,349 million) relating to properties in Chinese Mainland.

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
2025						
Cost or Valuation						
At 1 January 2025	1,765	3,620	62,517	96,533	18,842	183,277
Additions [#]	196	257	4	297	7,252	8,006
Disposals/write-offs	-	(10)	(1)	(1,146)	(10)	(1,167)
Loss on revaluation	-	(336)	-	-	-	(336)
Transfer from/(to) Service Concession Assets (note 21)	-	-	-	(2)	-	(2)
Reclassification within other property, plant and equipment	-	-	18	(18)	-	-
Other assets commissioned	35	-	164	3,277	(3,476)	-
Exchange differences	-	22	-	121	-	143
At 31 December 2025	1,996	3,553	62,702	99,062	22,608	189,921
At Cost	1,996	669	62,702	99,062	22,608	187,037
At 31 December 2025 Valuation	-	2,884	-	-	-	2,884
Accumulated depreciation						
At 1 January 2025	544	329	12,123	63,058	-	76,054
Charge for the year	82	242	585	3,203	-	4,112
- Recognised in profit or loss	35	214	585	3,203	-	4,037
- Recognised in Railway Construction in Progress/Property Development in Progress	47	28	-	-	-	75
Written back on disposals	-	(6)	-	(1,086)	-	(1,092)
Written back on revaluation	-	(142)	-	-	-	(142)
Exchange differences	-	19	-	108	-	127
At 31 December 2025	626	442	12,708	65,283	-	79,059
Net book value at 31 December 2025	1,370	3,111	49,994	33,779	22,608	110,862
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) Service 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

After taking into account the utilisation of government grant (if any).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20 Investment Properties and Other Property, Plant and Equipment *(continued)*

C Right-of-use Assets

At 31 December 2025 and 2024, the analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

in HK\$ million	Note	2025	2024
Ownership interests in leasehold land held for own use, with remaining lease term of:	(i)		
– less than 50 years		1,221	1,221
Ownership interests in self-occupied buildings held for own use, with remaining lease term of:	(i)		
– less than 50 years		2,884	3,220
Other leasehold land leased for own use, with remaining lease term of:	(ii)		
– less than 10 years		149	–
Other self-occupied buildings leased for own use, with remaining lease term of:	(ii)		
– less than 10 years		227	71
Plant and equipment leased, with remaining lease term of:	(iii)		
– between 10 and 50 years		850	877
– less than 10 years		119	123
		5,450	5,512
Ownership interests in leasehold investment properties, with remaining lease term of:			
– 50 years or more		12	13
– less than 50 years		93,176	96,309
		93,188	96,322
		98,638	101,834

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

in HK\$ million	2025	2024
Depreciation charge of right-of-use assets by class of underlying asset:		
Ownership interests in leasehold land held for own use	35	34
Ownership interests in self-occupied buildings held for own use	142	152
Other self-occupied buildings leased for own use	72	91
Plant and equipment leased	75	80
	324	357
Interest on lease liabilities	34	21
Expense relating to short-term leases	28	27
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	21	12

During the year, additions to right-of-use assets were HK\$831 million (2024: HK\$2,759 million). This amount primarily related to additions of leasehold land and self-occupied buildings leased for own use and investment properties.

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 43C 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 48A, 48B and 48C).

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 44. The revaluation loss of HK\$194 million (2024: HK\$152 million) and the related deferred tax credit of HK\$32 million (2024: HK\$25 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 2025 would have been HK\$535 million (2024: HK\$561 million) had the buildings been stated at cost less accumulated depreciation.

(ii) Other Leasehold Land and Self-occupied Buildings Leased for Own Use

The Group has obtained the right to use the land and other properties as its offices through tenancy agreements. The leases typically run for an initial period of 3 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\$93,188 million (2024: HK\$96,322 million). The costs of station kiosks of the Group held for use in operating leases were HK\$1,032 million (2024: HK\$983 million) and the related accumulated depreciation charges were HK\$672 million (2024: HK\$637 million).

Total future minimum lease receipts under non-cancellable operating leases are receivable as follows:

in HK\$ million	2025	2024
Within 1 year	6,621	6,854
After 1 year but within 2 years	4,307	4,926
After 2 years but within 3 years	1,439	2,854
After 3 years but within 4 years	578	588
After 4 years but within 5 years	231	281
After 5 years	183	215
	13,359	15,718

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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:

in HK\$ million	KCRC Rail Merger		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
	Initial concession property	Additional concession property							
2025									
Cost									
At 1 January 2025	15,226	30,003	605	522	7,943	4,150	48	53	58,550
Net additions during the year	-	2,786	210	214	65	826	-	-	4,101
Disposals and transfers	-	(223)	-	(15)	(37)	-	-	-	(275)
Net transfer from other property, plant and equipment (note 20)	-	2	-	-	-	-	-	-	2
Reclassification within service concession assets	-	(2)	-	2	-	-	-	-	-
Exchange differences	-	-	-	-	367	191	-	-	558
At 31 December 2025	15,226	32,566	815	723	8,338	5,167	48	53	62,936
Accumulated amortisation and impairment loss									
At 1 January 2025	5,202	8,559	156	47	4,838	2	48	53	18,905
Amortisation charge for the year	304	1,505	107	35	251	155	-	-	2,357
Written-off on disposals	-	(179)	-	(1)	(30)	-	-	-	(210)
Exchange differences	-	-	-	-	226	4	-	-	230
At 31 December 2025	5,506	9,885	263	81	5,285	161	48	53	21,282
Net book value at 31 December 2025	9,720	22,681	552	642	3,053	5,006	-	-	41,654

21 Service Concession Assets (continued)

in HK\$ million	KCRC Rail Merger				Shenzhen Metro Line 4	Shenzhen Metro Line 13	MTR Nordic	London Elizabeth Line	Total
	Initial concession property	Additional concession property	Additional concession property (High Speed Rail)	Additional concession property (Shatin to Central Link)					
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

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 2025, 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 2025 and 31 December 2024, no further impairment loss was recognised as at 31 December 2025 and 2024.

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 2025 of HK\$824 million (2024: HK\$1,310 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\$5.4 billion). As at 31 December 2025, the Group has incurred cumulative expenditure of RMB3.9 billion (HK\$4.3 billion) and has authorised outstanding commitments totalling RMB1.0 billion (HK\$1.1 billion) in relation to the project which are included in capital commitment (note 49A).

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 issued a “Position Paper” to the Company for the purpose of commencing discussions in accordance with the Protocol. The Company delivered its response in April 2025 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 2025, 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 2025 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 2025, HK\$21 million (2024: HK\$53 million) of such costs were incurred by the Company, which are payable by the HKSAR Government. As at 31 December 2025, the amount of such costs which remained outstanding from the HKSAR Government was HK\$130 million (2024: HK\$166 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 2025, the provision utilised amounted to HK\$59 million (2024: HK\$111 million) and no provision was written back (2024: HK\$nil). As at 31 December 2025, the provision of HK\$137 million (2024: HK\$196 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 2025, the provision utilised amounted to HK\$10 million (2024: HK\$31 million) and no provision was written back (2024: HK\$nil). As at 31 December 2025, the provision of HK\$721 million (2024: HK\$731 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 2025 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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
2025			
Oyster Bay Station			
Construction costs and consultancy fees	404	459	863
Staff costs and other expenses	152	95	247
Finance costs	27	26	53
Utilisation of government grant	(583)	(580)	(1,163)
	-	-	-
Tung Chung Line Extension			
Construction costs and consultancy fees	4,058	2,726	6,784
Staff costs and other expenses	1,040	384	1,424
Finance costs	145	220	365
Utilisation of government grant	-	(337)	(337)
	5,243	2,993	8,236
Tuen Mun South Extension			
Construction costs and consultancy fees	2,025	2,085	4,110
Staff costs and other expenses	607	313	920
Finance costs	60	119	179
Utilisation of government grant	-	(1,757)	(1,757)
	2,692	760	3,452
Kwu Tung Station*			
Construction costs and consultancy fees	1,855	1,720	3,575
Staff costs and other expenses	937	286	1,223
Finance costs	87	124	211
	2,879	2,130	5,009
Hung Shui Kiu Station			
Construction costs and consultancy fees	295	450	745
Staff costs and other expenses	262	145	407
Finance costs	4	26	30
	561	621	1,182
Total	11,375	6,504	17,879

23 Railway Construction in Progress (continued)

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

[^] 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 2025, the Company has incurred cumulative expenditure of HK\$1,110 million (2024: HK\$556 million) (excluding finance costs), which was wholly offset by the government grant, and has authorised outstanding commitments totalling HK\$5.6 billion in relation to the Oyster Bay Station project which are included in "Capital commitments" (note 49A).

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 2025, the Company has incurred cumulative expenditure of HK\$8,208 million (2024: HK\$5,098 million) (excluding finance costs), which was partially offset by the government grant of HK\$337 million and has authorised outstanding commitments totalling HK\$16.0 billion in relation to the Tung Chung Line Extension project which are included in "Capital commitments" (note 49A).

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 2025, the Company has incurred cumulative expenditure of HK\$5,030 million (2024: HK\$2,632 million) (excluding finance costs), which was partially offset by the government grant of HK\$1,757 million and has authorised outstanding commitments totalling HK\$13.2 billion in relation to the Tuen Mun South Extension project which are included in "Capital commitments" (note 49A).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 2025, the Company has incurred cumulative expenditure of HK\$4,798 million (2024: HK\$2,792 million) (excluding finance costs) and has authorised outstanding commitments totalling HK\$6.0 billion in relation to the Kwu Tung Station project which are included in "Capital commitments" (note 49A).

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 2025, the Company has incurred cumulative expenditure of HK\$1,152 million (2024: HK\$557 million) (excluding finance costs) and has authorised outstanding commitments totalling HK\$7.1 billion in relation to the Hung Shui Kiu Station project which are included in "Capital commitments" (note 49A).

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
2025				
Hong Kong Property Development Projects	42,300	1,651	(897)	43,054
2024				
Hong Kong Property Development Projects	41,728	572	–	42,300

* 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 be 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 2025, the balance of the stakeholding funds was HK\$20,371 million (2024: HK\$20,802 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 2025, HK\$15 million (2024: HK\$60 million) of agency fee and other income in respect of West Rail property development was recognised (note 12). During the year ended 31 December 2025, the reimbursable costs incurred by the Company including on-cost and interest accrued were HK\$19 million (2024: HK\$42 million).

25 Deferred Expenditure

As at 31 December 2025, deferred expenditure included costs of HK\$138 million (2024: HK\$64 million) mainly incurred for certain railway projects which the project agreements are yet to be reached with the HKSAR Government or the Group is yet to be obligated to operate the related railway. 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 2025:

Name of company	Issued share capital/ contributed registered capital	Proportion of ownership interest			Place of incorporation/ establishment and operation	Principal activities
		Group's effective interest	Held by the Company	Held by subsidiary(ies)		
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) 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 Nordic AB*	SEK40,050,000	100%	–	100%	Sweden	Holding of investments
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 ^{#@}	RMB1,720,000,000	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 ^{^@}	RMB1,441,000,000	100%	–	100%	The People's Republic of China	Property investment, leasing and management

* 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27 Interests in Associates and Joint Ventures

The following list contains the particulars of material associates and joint venture as at 31 December 2025, all of which are unlisted corporate entities whose quoted market price is not available:

Name of company	Proportion of ownership interest			Place of incorporation/ establishment and operation	Principal activities
	Group's effective interest	Held by the Company	Held by subsidiary		
<u>Associates</u>					
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
NRT CSW Pty Ltd*	27.55%	–	27.55%	Australia	Financing, railway construction, operations and maintenance through a unit trust
<u>Joint Venture</u>					
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	2025	2024
Income	8,945	9,332
Expenses and others	(7,761)	(7,595)
Profit before taxation	1,184	1,737
Income tax	(397)	(397)
Net profit	787	1,340
Other comprehensive income/(loss)	568	(411)
Total comprehensive income	1,355	929
Assets	33,454	32,609
Liabilities	(20,161)	(19,891)
Net assets	13,293	12,718
Group's share of net assets of the associates and joint ventures	13,293	12,718
Goodwill	321	321
Carrying amount in the consolidated statement of financial position	13,614	13,039

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. As 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. As it is anticipated that the patronage will remain at a lower level for a period of time, an impairment test was performed for the related railway assets of HZMTR as of 31 December 2025. As a result, a share of impairment loss provision of HK\$380 million has been included in “share of profit of associates and joint ventures” in the consolidated statement of profit or loss for the year ended 31 December 2025.

28 Investments in Securities

in HK\$ million	2025	2024
Measured at fair value		
– Unlisted equity securities held by subsidiaries	974	640
– Listed debt securities held by an overseas insurance underwriting subsidiary	231	312
– Bank medium-term notes	–	1,000
	1,205	1,952
Measured at amortised cost		
– Bank medium-term notes	6,071	–
	7,276	1,952

As at 31 December 2025, all debt securities were expected to mature within one year except for HK\$97 million (2024: HK\$166 million) which were expected to mature after one year. During the year ended 31 December 2025, net fair value gain on investments in securities of HK\$19 million (2024: loss of HK\$50 million) was recognised.

29 Properties Held for Sale

in HK\$ million	2025	2024
Properties held for sale		
– at cost	2,074	924
– at net realisable value	788	1,498
	2,862	2,422
Representing:		
Hong Kong property development	2,856	2,410
Chinese Mainland property development	6	12
	2,862	2,422

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 Chinese Mainland.

For Hong Kong property development, the net realisable values as at 31 December 2025 and 2024 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\$99 million (2024: HK\$139 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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:

in HK\$ million	Notional amount	Fair value	Contractual undiscounted cash flows maturing in				Total
			Less than 1 year	1-2 years	2-5 years	Over 5 years	
2025							
Derivative Financial Assets							
Gross settled:							
Foreign exchange forwards							
– cash flow hedges:	1,183	53					
– inflow			1,073	38	127	–	1,238
– outflow			(1,021)	(38)	(125)	–	(1,184)
– not adopting hedge accounting:	539	20					
– inflow			336	153	70	–	559
– outflow			(321)	(149)	(69)	–	(539)
Cross currency swaps							
– fair value hedges:	10,319	599					
– inflow			1,490	798	2,502	6,232	11,022
– outflow			(1,437)	(736)	(2,294)	(5,889)	(10,356)
– cash flow hedges:	8,845	127					
– inflow			297	298	4,540	4,306	9,441
– outflow			(262)	(263)	(4,610)	(4,168)	(9,303)
Net settled:							
Interest rate swaps							
– fair value hedges	27,576	869	311	249	280	74	914
– not adopting hedge accounting	300	23	6	5	13	–	24
	48,762	1,691	472	355	434	555	1,816
Derivative Financial Liabilities							
Gross settled:							
Foreign exchange forwards							
– cash flow hedges:	137	(8)					
– inflow			75	53	1	–	129
– outflow			(83)	(54)	(1)	–	(138)
– not adopting hedge accounting:	449	(22)					
– inflow			216	129	82	–	427
– outflow			(232)	(135)	(83)	–	(450)
Cross currency swaps							
– fair value hedges:	1,481	(82)					
– inflow			1,630	14	1,468	–	3,112
– outflow			(1,602)	(20)	(1,541)	–	(3,163)
– cash flow hedges:	36,207	(1,488)					
– inflow			6,723	2,067	15,197	23,651	47,638
– outflow			(6,661)	(2,094)	(15,783)	(24,943)	(49,481)
Net settled:							
Interest rate swaps							
– fair value hedges	600	(24)	(6)	(5)	(14)	–	(25)
– cash flow hedges	19,801	(760)	(151)	(188)	(372)	(107)	(818)
– not adopting hedge accounting	300	(17)	(4)	(3)	(11)	–	(18)
	58,975	(2,401)	(95)	(236)	(1,057)	(1,399)	(2,787)
Total	107,737						

30 Derivative Financial Assets and Liabilities (continued)

A Fair Value (continued)

in HK\$ million	Notional amount	Fair value	Contractual undiscounted cash flows maturing in				Total
			Less than 1 year	1-2 years	2-5 years	Over 5 years	
2024							
Derivative Financial Assets							
Gross settled:							
Foreign exchange forwards							
– cash flow hedges:	88	2					
– inflow			–	89	–	–	89
– outflow			–	(88)	–	–	(88)
– not adopting 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 adopting 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 adopting 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 adopting hedge accounting	300	(31)	(8)	(7)	(17)	(2)	(34)
	49,480	(2,014)	(304)	(253)	(1,000)	(444)	(2,001)
Total	87,809						

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 2025 and 2024 were used to discount the cash flows of financial instruments. Interest rates used ranged from 2.35% to 3.33% (2024: 3.35% to 4.58%) for Hong Kong dollars, 3.60% to 4.34% (2024: 4.33% to 4.63%) for United States dollars, 3.55% to 4.62% (2024: 3.67% to 4.44%) for Australian dollars, 0.84% to 1.37% (2024: 0.46% to 0.82%) for Japanese yen and 1.88% to 2.03% (2024: 3.10% to 4.60%) 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 44.

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 2025, the Group had undrawn committed banking facility of HK\$51,118 million (2024: HK\$20,915 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	2025			2024		
	Capital market instruments	Bank loans	Total	Capital market instruments	Bank loans	Total
Loans and other obligations						
Amounts repayable beyond 5 years	62,114	2,825	64,939	40,419	1,746	42,165
Amounts repayable within a period of between 2 and 5 years	25,219	882	26,101	15,159	832	15,991
Amounts repayable within a period of between 1 and 2 years	10,277	543	10,820	15,411	256	15,667
Amounts repayable within 1 year	16,689	373	17,062	16,696	4,076	20,772
	114,299	4,623	118,922	87,685	6,910	94,595

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% (2024: 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 2025, 81% (2024: 72%) 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 2025, 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\$278 million/HK\$242 million (2024: HK\$130 million/HK\$125 million). Other components of consolidated equity would increase/decrease by approximately HK\$1,241 million/HK\$1,375 million (2024: HK\$1,174 million/HK\$1,278 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 2025, stores and spares net of provision for obsolete stock of HK\$91 million (2024: HK\$90 million) amounted to HK\$3,021 million (2024: HK\$2,421 million), of which HK\$2,053 million (2024: HK\$1,654 million) is expected to be consumed within 1 year and HK\$968 million (2024: HK\$767 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 and SZL 13 is collected through Shenzhen Tong Cards, QR code, contactless bank cards, and in cash for other ticket types. The clearing centre administers the revenue allocation and settlement system of Shenzhen railway network and allocates the revenue to the respective lines under "distance-based" approach with settlement in the transaction month.
- (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 was collected in the transaction month with the remainder being collected in the following month. Concession revenue for London Elizabeth Line was 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	2025	2024
Amounts not yet due	3,670	8,181
Overdue by within 30 days	233	177
Overdue by more than 30 days but within 60 days	82	55
Overdue by more than 60 days but within 90 days	47	18
Overdue by more than 90 days	84	121
Total debtors	4,116	8,552
Other receivables and contract assets	9,446	7,228
	13,562	15,780

32 Debtors and Other Receivables *(continued)*

Included in other receivables as at 31 December 2025 was HK\$2,267 million (2024: HK\$1,598 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.

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 that 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 2025, all debtors and other receivables were expected to be recovered within one year except for amounts relating to deposits and other receivables of HK\$4,744 million (2024: HK\$3,527 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	2025	2024
Australian dollars	7	7
Renminbi	29	107
United States dollars	60	50

33 Amounts Due from Related Parties

in HK\$ million	2025	2024
Amounts due from:		
– HKSAR Government	688	906
– KCRC and Airport Authority Hong Kong ("AAHK")	4,344	4,788
– associates	347	504
	5,379	6,198

As at 31 December 2025, 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, 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 2025, 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 48L.

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 2025, all amounts due from related parties were expected to be recovered within one year except for HK\$2,888 million (2024: HK\$3,353 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	2025	2024
Deposits with banks and other financial institutions	39,522	23,059
Cash at banks and on hand	4,720	4,827
Cash, bank balances and deposits	44,242	27,886
Less: Bank deposits with more than three months to maturity when placed or pledged deposits (note 35E)	(5,634)	(6,050)
Cash and cash equivalents in the consolidated statement of cash flows	38,608	21,836

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34 Cash, Bank Balances and Deposits *(continued)*

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	2025	2024
Australian dollars	126	57
Euros	56	38
Japanese yen	2,287	1,509
Pound sterling	14	23
Renminbi	294	660
United States dollars	2,861	426

35 Loans and Other Obligations

A By Type

in HK\$ million	2025			2024		
	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 2026 to 2047 (2024: due during 2025 to 2047)	49,828	50,398	48,866	26,597	24,487	27,308
Unlisted:						
Debt issuance programme notes due during 2026 to 2055 (2024: due during 2025 to 2055)	34,044	33,670	33,654	43,515	42,880	44,442
Total capital market instruments	83,872	84,068	82,520	70,112	67,367	71,750
Bank loans	3,656	3,656	3,656	5,543	5,543	5,549
Lease liabilities	1,346	1,346	1,346	1,066	1,066	1,066
Loans and other obligations	88,874	89,070	87,522	76,721	73,976	78,365
Short-term loans	49	49	49	847	847	847
Total	88,923	89,119	87,571	77,568	74,823	79,212

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 44.

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:

in million	Before hedging activities		After hedging activities	
	2025	2024	2025	2024
Australian dollars	431	431	–	–
Japanese yen	15,000	15,000	–	–
Renminbi	7,405	9,160	200	460
United States dollars	5,917	2,973	600	–

35 Loans and Other Obligations (continued)

B By Repayment Terms

in HK\$ million	2025				2024			
	Capital market instruments	Bank loans	Lease liabilities	Total	Capital market instruments	Bank loans	Lease liabilities	Total
Loans and other obligations								
Amounts repayable beyond 5 years	40,842	2,315	671	43,828	30,872	1,576	683	33,131
Amounts repayable within a period of between 2 and 5 years	20,026	668	264	20,958	12,619	637	141	13,397
Amounts repayable within a period of between 1 and 2 years	7,912	452	201	8,565	13,741	188	109	14,038
Amounts repayable within 1 year	13,740	221	210	14,171	14,518	3,148	133	17,799
	82,520	3,656	1,346	87,522	71,750	5,549	1,066	78,365
Short-term loans	-	49	-	49	-	847	-	847
	82,520	3,705	1,346	87,571	71,750	6,396	1,066	79,212
Less: Unamortised discount/premium/finance charges outstanding	(408)	-	-	(408)	(214)	(6)	-	(220)
Adjustment due to fair value change of financial instruments	1,760	-	-	1,760	(1,424)	-	-	(1,424)
Total carrying amount of debt	83,872	3,705	1,346	88,923	70,112	6,390	1,066	77,568

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 2025 and 2024 comprise:

in HK\$ million	2025		2024	
	Principal amount	Net consideration received	Principal amount	Net consideration received
Debt issuance programme notes	25,199	24,996	23,486	23,470

During the year ended 31 December 2025, the Group issued US\$3,000 million (HK\$23,344 million) of its listed debt securities (2024: HK\$1,700 million and RMB4,500 million (HK\$4,968 million) in the respective currency). The Group issued HK\$1,240 million and US\$79 million (HK\$615 million) of its unlisted debt securities in the respective currency (2024: AUD50 million (HK\$258 million), HK\$12,541 million, RMB1,855 million (HK\$1,992 million) and US\$259 million (HK\$2,027 million) in the respective currency).

During the year ended 31 December 2025, the Group redeemed HK\$1,200 million and RMB605 million (HK\$684 million) of its listed debt securities in the respective currency (2024: RMB1,500 million (HK\$1,777 million)). The Group redeemed HK\$10,248 million, RMB1,150 million (HK\$1,336 million) and US\$135 million (HK\$1,058 million) of its unlisted debt securities in the respective currency (2024: HK\$4,902 million and RMB420 million (HK\$476 million) in the respective currency).

As at 31 December 2025 and 2024, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35 Loans and Other Obligations (continued)

D Lease Liabilities

At 31 December 2025 and 2024, the Group had lease liabilities as follows:

in HK\$ million	2025		2024	
	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments
Within 1 year	210	248	133	161
After 1 year but within 2 years	201	231	109	134
After 2 years but within 5 years	264	329	141	200
After 5 years	671	882	683	902
	1,136	1,442	933	1,236
	1,346	1,690	1,066	1,397
Less: Total future interest expenses to be expensed or capitalised		(344)		(331)
Present value of lease obligations		1,346		1,066

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 2025 and 2024.

(ii) As at 31 December 2025, 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 RMB461 million (HK\$513 million) bank loan facility granted to it.

(iii) As at 31 December 2025, MTR CREC Metro (Shenzhen) Company Limited, a subsidiary of the Company in Chinese Mainland, has pledged the fare and non-fare revenue in relation to Phase 1 of SZL13 as security for the RMB3.2 billion (HK\$3.6 billion) bank loan facility granted to it.

Save 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 2025.

36 Creditors, Other Payables and Provisions

in HK\$ million	2025	2024
Creditors and accrued charges	21,341	23,015
Other payables, deferred income and provisions	34,421	43,212
Contract liabilities	3,062	3,190
	58,824	69,417

A Creditors and Accrued Charges

The analysis of creditors by due dates is as follows:

in HK\$ million	2025	2024
Due within 30 days or on demand	8,551	9,212
Due after 30 days but within 60 days	2,438	2,850
Due after 60 days but within 90 days	1,122	1,166
Due after 90 days	4,498	4,761
	16,609	17,989
Rental and other refundable deposits	2,676	2,823
Accrued employee benefits	2,056	2,203
	21,341	23,015

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	2025	2024
Australian dollars	5	14
Euros	42	56
Japanese yen	574	616
Pound sterling	43	179
Renminbi	12	128
United States dollars	7	49

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\$25,602 million (2024: HK\$28,804 million).

C Contract Liabilities

Movements in contract liabilities of the Group during the year ended 31 December are as follows:

in HK\$ million	2025	2024
Balance as at 1 January	3,190	3,124
Increase in contract liabilities as a result of billing in advance	433	704
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	(734)	(544)
Exchange differences	173	(94)
Balance as at 31 December	3,062	3,190

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 2025, except for unutilised government grant included in deferred income, contract liabilities and others of HK\$35,464 million (2024: HK\$48,802 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37 Amounts Due to Related Parties

in HK\$ million	2025	2024
Amounts due to:		
– HKSAR Government	250	117
– KCRC	3,395	3,090
– associates	10	–
	3,655	3,207

The amount due to the HKSAR Government as at 31 December 2025 relates to land administrative fees in relation to railway extensions.

The amount due to KCRC as at 31 December 2025 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	2025	2024
Balance as at 1 January	9,969	10,059
Less: Net amount repaid during the year	(90)	(85)
Exchange differences	7	(5)
Balance as at 31 December	9,886	9,969

The outstanding balances as at 31 December 2025 and 2024 are repayable as follows:

in HK\$ million	2025			2024		
	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	9,330	11,031	20,361	9,454	11,665	21,119
Amounts repayable within a period of between 2 and 5 years	357	1,932	2,289	329	1,953	2,282
Amounts repayable within a period of between 1 and 2 years	103	658	761	96	665	761
Amounts repayable within 1 year	96	666	762	90	671	761
	9,886	14,287	24,173	9,969	14,954	24,923

39 Loans from Holders of Non-controlling Interests

Loans from holders of non-controlling interests as at 31 December 2025 mainly represents the portion of total shareholder loan of AUD60 million (HK\$312 million) (2024: AUD60 million (HK\$290 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	2025	2024
Balance relating to Hong Kong Profits Tax	1,688	2,790
Balance relating to tax outside Hong Kong	162	119
	1,850	2,909

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:

in HK\$ million	Deferred tax arising from							Total
	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	
2025								
Balance as at 1 January 2025	15,636	47	(55)	722	(628)	(49)	(28)	15,645
Charged/(credited) to profit or loss	960	2	-	-	(1)	-	8	969
(Credited)/charged to other comprehensive income	-	-	-	(32)	35	(221)	-	(218)
Exchange differences	-	3	(4)	(1)	(24)	-	-	(26)
Balance as at 31 December 2025	16,596	52	(59)	689	(618)	(270)	(20)	16,370
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

Deferred tax assets and liabilities recognised in the consolidated statement of financial position are as follows:

in HK\$ million	2025	2024
Net deferred tax assets	(509)	(521)
Net deferred tax liabilities	16,879	16,166
	16,370	15,645

C The Group has not recognised deferred tax assets in respect of some of its subsidiaries' cumulative tax losses of HK\$4,371 million (2024: HK\$3,434 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

41 Share Capital, Shares Held for Executive Share Incentive Scheme, Reserves, Company-level Movements in Components of Equity and Capital Management

A Share Capital

	2025		2024	
	Number of shares	HK\$ million	Number of shares	HK\$ million
Ordinary shares, issued and fully paid:				
At 1 January	6,224,823,171	61,287	6,217,197,282	61,083
Shares issued in respect of scrip dividend of 2023 final ordinary dividend	-	-	7,625,889	202
Vesting of shares of Executive Share Incentive Scheme	-	-	-	2
At 31 December	6,224,823,171	61,287	6,224,823,171	61,287

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 2025, the Company awarded Performance Shares and Restricted Shares under the Company's Executive Share Incentive Scheme to certain eligible employees of the Group (note 45). 33,100 Restricted Shares were awarded and accepted by the grantees on 1 April 2025, and a total of 288,350 Performance Shares and 4,272,250 Restricted Shares were awarded and accepted by the grantees on 8 April 2025 (2024: 492,823 Performance Shares were awarded and accepted by the grantees on 18 March 2024, and a total of 3,221,000 Performance Shares and 4,099,500 Restricted Shares were awarded and accepted by a grantee on 8 April 2024). The fair values of these awarded shares were HK\$25.65 per share on 1 April 2025 and HK\$24.40 per share on 8 April 2025 (2024: HK\$25.70 per share on 18 March 2024 and HK\$25.40 per share on 8 April 2024).

During the year ended 31 December 2025, 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 4,341,500 Ordinary Shares (2024: 7,454,157 Ordinary Shares) of the Company for a total consideration of approximately HK\$113 million (2024: HK\$207 million). During the year ended 31 December 2025, nil Ordinary Shares (2024: 108,555 Ordinary Shares) of the Company were issued to the Executive Share Incentive Scheme in relation to scrip dividend issued amounting to HK\$nil (2024: HK\$3 million).

During the year ended 31 December 2025, 3,377,105 award shares (2024: 4,378,805 award shares) were transferred to the awardees under the Executive Share Incentive Scheme upon vesting. The total cost of the vested shares was HK\$114 million (2024: HK\$180 million). During the year ended 31 December 2025, HK\$nil (2024: HK\$2 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 2025, 207,035 award shares (2024: 205,348 award shares) were lapsed/forfeited.

As at 31 December 2025, taking into account the shares acquired out of the dividends from the shares held under the trust, there were 10,643,059 shares (2024: 9,678,664 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 cash flow hedge reserve and the cost of hedging reserve. The cash flow hedge 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 cost of hedging reserve comprises the fair values of the effect of foreign currency basis spread of the derivative financial instruments used in fair value hedges and cash flow hedges in accordance with the accounting policy set out in note 2(T)(iv).

The movements of the hedging reserve are as follows:

in HK\$ million	2025			2024		
	Cash flow hedge reserve	Costs of hedging reserve	Total hedging reserve	Cash flow hedge reserve	Costs of hedging reserve	Total hedging reserve
Balance as at 1 January	(253)	–	(253)	(522)	–	(522)
Effective portion of changes in fair value of hedging instruments for cash flow hedges recognised during the year	2	–	2	(28)	–	(28)
Changes in fair value for costs of hedging during the year	–	(1,253)	(1,253)	–	–	–
Amounts transferred to initial carrying amount of hedged items	–	–	–	1	–	1
Amounts transferred to profit or loss during the year						
– Interest and finance charges	(229)	132	(97)	345	–	345
– Other	9	–	9	5	–	5
	(218)	(1,121)	(1,339)	323	–	323
Tax effect resulting from:						
– Effective portion of changes in fair value of hedging instruments recognised during the year	–	–	–	5	–	5
– Changes in fair value for costs of hedging during the year	–	207	207	–	–	–
– Amounts transferred to profit or loss during the year	36	(22)	14	(58)	–	(58)
Other comprehensive (loss)/income (note 19)	(182)	(936)	(1,118)	270	–	270
Amounts transferred from hedging reserve to initial carrying amount of hedged items	(8)	–	(8)	(1)	–	(1)
Balance as at 31 December	(443)	(936)	(1,379)	(253)	–	(253)

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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

41 Share Capital, Shares Held for Executive Share Incentive Scheme, Reserves, Company-level Movements in Components of Equity and Capital Management *(continued)*

C Reserves *(continued)*

The exchange reserve of the Group comprises all foreign exchange differences arising from the translation of the financial statements of entities outside Hong Kong. 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\$63,721 million (2024: HK\$65,491 million) do not constitute realised profits and statutory reserves of the subsidiaries in Chinese Mainland of HK\$99 million (2024: HK\$98 million) included in retained profits of the Company are non-distributable. As at 31 December 2025, the Company considers that the total amount of reserves of the Company available for distribution to shareholders amounted to HK\$55,799 million (2024: HK\$48,078 million).

Included in the Group's retained profits as at 31 December 2025 is an amount of HK\$5,218 million (2024: HK\$5,126 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 2025, 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 2025, the Group's net debt-to-equity ratio is 22.5% (2024: 31.6%).

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 2025, 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			Retained profits	Total equity
				Fixed assets revaluation reserve	Hedging reserve	Employee share-based capital reserve		
2025								
Balance as at 1 January 2025	50	61,287	(299)	3,721	(423)	139	114,090	178,515
Profit for the year		-	-	-	-	-	15,054	15,054
Other comprehensive (loss)/income for the year		-	-	(162)	(1,121)	-	186	(1,097)
Total comprehensive (loss)/income for the year		-	-	(162)	(1,121)	-	15,240	13,957
Amounts transferred from hedging reserve to initial carrying amount of hedged items		-	-	-	(8)	-	-	(8)
2024 final ordinary dividend		-	-	-	-	-	(5,541)	(5,541)
2025 interim ordinary dividend		-	-	-	-	-	(2,614)	(2,614)
Shares purchased for Executive Share Incentive Scheme		-	(113)	-	-	-	-	(113)
Vesting and forfeiture of award shares of Executive Share Incentive Scheme		-	114	-	-	(110)	(4)	-
Employee share-based payments		-	-	-	-	132	-	132
Balance as at 31 December 2025	50	61,287	(298)	3,559	(1,552)	161	121,171	184,328
2024								
Balance as at 1 January 2024		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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

42 Perpetual Capital Securities

On 24 June 2025, MTR Corporation (C.I.) Limited ("MTRCI"), a wholly-owned subsidiary of the Company, issued subordinated perpetual capital securities ("Perpetual Securities") of US\$3,000 million (HK\$23,550 million) in aggregate at par in two equal tranches, which are unconditionally and irrevocably guaranteed by the Company.

The first tranche of Perpetual Securities, amounting to US\$1,500 million (HK\$11,775 million), is perpetual, redeemable at the option of MTRCI at the relevant times (including, in the case of the exercise of the par call option, on or after 24 September 2030) and entitles the holders to receive distributions at a distribution rate which is fixed at 4.875% per annum in the first 5.5 years, reset at year 5.5 and every 5 years thereafter, and with step up margins of 0.25% applied starting at year 10.5 and 1% applied starting at year 25.5.

The second tranche of Perpetual Securities, amounting to US\$1,500 million (HK\$11,775 million), is perpetual, redeemable at the option of MTRCI at the relevant times (including, in the case of the exercise of the par call option, on or after 24 September 2035) and entitles the holders to receive distributions at a distribution rate which is fixed at 5.625% per annum in the first 10.5 years, reset at year 10.5 and every 5 years thereafter, and with step up margins of 0.25% applied starting at year 10.5 and 1% applied starting at year 30.5.

The distributions on the Perpetual Securities are payable semi-annually in arrears. They can be deferred at MTRCI's discretion provided that MTRCI and the Company shall not, subject to certain exceptions, (a) declare or pay any dividends or distributions, or (b) redeem, reduce, cancel, buy-back or acquire for any consideration any of their obligations with ranking lower than or equal to the Perpetual Securities until the payment of such deferred distributions.

The Perpetual Securities issued were classified as equity in the consolidated financial statements of the Group. The proceeds of the Perpetual Securities are on lent to the Company and for general corporate purposes and the Perpetual Securities are listed on the Hong Kong Stock Exchange.

43 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	2025	2024
Operating profit before Hong Kong property development, fair value measurement of investment properties, depreciation, amortisation and variable annual payment arising from recurrent businesses	17,701	17,907
Adjustments for non-cash items	119	414
Operating profit before working capital changes	17,820	18,321
Decrease in debtors and other receivables	935	565
Increase in stores and spares	(547)	(11)
(Decrease)/increase in creditors, other payables and provision	(2,321)	866
Cash generated from operations	15,887	19,741

43 Other Cash Flows Information (continued)

B Reconciliation of the Group's liabilities arising from financing activities is as follows:

in HK\$ million	Loans and other obligations				Short-term loans	Interest and finance charges payables	Total
	Capital market instruments	Bank loans	Lease liabilities	Others			
2025							
At 1 January 2025	70,112	5,543	1,066	–	847	347	77,915
Changes from financing cash flows:							
– Proceeds from loans and capital market instruments	24,996	8,765	–	–	29,326	–	63,087
– Repayment of loans and capital market instruments	(14,527)	(10,804)	–	–	(30,133)	–	(55,464)
– Capital element of lease rentals paid	–	–	(255)	–	–	–	(255)
– Interest and finance charges paid	–	–	–	–	–	(2,556)	(2,556)
	10,469	(2,039)	(255)	–	(807)	(2,556)	4,812
Exchange differences	99	157	38	–	4	–	298
Other changes:							
– Adjustment due to fair value change of financial instruments	3,192	–	–	–	–	–	3,192
– Recognition of lease liabilities	–	–	497	–	–	–	497
– Interest and finance charges	–	–	–	–	–	2,094	2,094
– Reclassification	–	(5)	–	–	5	–	–
	3,192	(5)	497	–	5	2,094	5,783
At 31 December 2025	83,872	3,656	1,346	–	49	(115)	88,808
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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

43 Other Cash Flows Information *(continued)*

C Total Cash Outflows for Leases

Amounts included in the consolidated statement of cash flows for leases comprise the following:

in HK\$ million	2025	2024
Within operating cash flows	49	39
Within financing cash flows	299	211
	348	250

These amounts relate to the leases of the following:

in HK\$ million	2025	2024
Leasehold land	77	–
Buildings	158	172
Plant and equipment	113	78
	348	250

44 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 years ended 31 December 2025 and 2024, 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 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 2025 and 2024 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 2025 was 3.5% – 5.75% (2024: 3.5% – 5.75%) with a weighted average of 4.8% (2024: 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 2025 are shown in note 20A. All the fair value adjustment related to remeasurement on investment properties held as at 31 December 2025 was recognised under "loss from fair value measurement of investment properties" in the consolidated statement of profit or loss.

44 Fair Value Measurement *(continued)*

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 2025, there were HK\$231 million (2024: HK\$312 million) of listed debt securities carried at fair value using Level 1 measurements, HK\$nil (2024: HK\$1,000 million) of investment in bank medium-term notes carried at fair value using Level 2 measurements and HK\$974 million (2024: HK\$640 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 2025, the fair values of derivative financial assets and derivative financial liabilities were HK\$1,691 million (2024: HK\$342 million) and HK\$2,401 million (2024: HK\$2,014 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.

The fair value of the Group's investments in unlisted equity securities is determined based on the recent arm's length transactions, net asset value of funds, market approach or the adjusted net asset method. For the fair value determined based on the net asset value of funds, the significant unobservable input includes the inputs by fund managers. For the fair value determined based on market approach, the significant unobservable input includes market multiples and discounts for lack of marketability. For the fair value determined based on adjusted net asset method, the significant unobservable input includes fair value of the individual assets less liabilities (recognised and unrecognised). The fair value measurement is positively correlated with the inputs by fund managers, the market multiples and fair value of the individual assets less liabilities (recognised and unrecognised) and negatively correlated with the discounts for lack of marketability. The movements of the investments in unlisted equity securities during the year are as follows:

in HK\$ million	2025	2024
At 1 January	640	564
Additions	310	143
Disposal	(4)	–
Changes in fair value recognised in profit or loss	10	(54)
Exchange differences recognised in other comprehensive income	18	(13)
At 31 December	974	640

As at 31 December 2025, it is estimated that a 5-percent increase/decrease (2024: 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\$42 million/HK\$42 million (2024: HK\$27 million/HK\$27 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 2025 and 2024, 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 2025 and 2024 except for capital market instruments, for which their carrying amounts and fair values are disclosed below:

in HK\$ million	At 31 December 2025		At 31 December 2024	
	Carrying amount	Fair value	Carrying amount	Fair value
Capital market instruments	83,872	84,068	70,112	67,367

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. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

45 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 then approved the renewal of the Executive Share Incentive Scheme for a further 10 years and so it remains 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 2025 and 2024 were offered to Members of the Executive Directorate and selected employees of the Group under the Executive Share Incentive Scheme:

Date of award	Number of Award Shares granted		Fair value per share HK\$	Vesting period	
	Restricted Shares	Performance Shares		From	To
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)
1 April 2025	33,100	–	25.65	1 April 2025	31 December 2025
8 April 2025	4,272,250	288,350	24.40	1 April 2025	1 April 2028 (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:

	2025	2024
	Number of Award Shares	Number of Award Shares
Outstanding as at 1 January	9,455,634	6,226,464
Awarded during the year	4,593,700	7,813,323
Vested during the year	(3,377,105)	(4,378,805)
Forfeited during the year	(207,035)	(205,348)
Outstanding as at 31 December	10,465,194	9,455,634

45 Share-based Payments *(continued)*

Equity-settled Share-based Payments – Executive Share Incentive Scheme *(continued)*

Award Shares outstanding at 31 December 2025 had the following remaining vesting periods:

Award Shares	Remaining vesting period years	Number of Award Shares
Restricted Shares		
11 April 2023	0.25	642,054
25 September 2023	0.72	20,300
8 April 2024	1.25	2,347,390
1 April 2025	–	–
8 April 2025	2.25	4,036,600
Performance Shares		
8 April 2024	1.25	3,130,500
8 April 2025	1.25	288,350

The details of the Executive Share Incentive Scheme are also disclosed in the Remuneration Report.

During the year ended 31 December 2025, the equity-settled share-based payments relating to the Executive Share Incentive Scheme recognised as an expense amounted to HK\$132 million (2024: HK\$137 million) (note 10A).

46 Retirement Schemes

The Group operates or participates in a number of retirement schemes in Hong Kong, Chinese Mainland, 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 2025, 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 2025, the total number of members was 1,858 (2024: 2,076). In 2025, members contributed HK\$46 million (2024: HK\$49 million) and the Company contributed HK\$220 million (2024: HK\$95 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 2025 was HK\$6,916 million (2024: HK\$6,938 million).

The actuarial valuations as at 31 December 2025 and 2024 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 47.

The actuarial valuations as at 31 December 2025 and 2024 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 2025 included a long-term rate of investment return net of salary increases of 0.75% (2024: 0.25%) per annum, together with appropriate allowances for expected rates of mortality, turnover and retirement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

46 Retirement Schemes *(continued)*

A Retirement Schemes Operated by the Company in Hong Kong *(continued)*

As at the valuation date of 31 December 2025, under the situation that the value of members' voluntary contributions was included:

- (a) the MTR Retirement Scheme was solvent, covering 104.1% (2024: 99.4%) of the aggregate vested liability had all members left service with their leaving service benefits secured, resulting in a solvency surplus of HK\$284 million (2024: solvency deficit of HK\$42 million); and
- (b) on the assumption that the MTR Retirement Scheme would continue in force, its value of assets was sufficient to cover the aggregate past service liability, with a funding level of 104.1% (2024: 98.7%), representing a past service surplus of HK\$279 million (2024: past service deficit of HK\$92 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 2025, the total number of employees participating in the MTR Provident Fund Scheme was 11,924 (2024: 11,312). In 2025, total members' contributions were HK\$225 million (2024: HK\$200 million) and total contributions from the Company were HK\$486 million (2024: HK\$441 million). No contributions forfeited by employees leaving the scheme were utilised to offset contributions during the year (2024: HK\$nil). As at 31 December 2025, forfeited contributions of HK\$161 million (2024: HK\$125 million) were available to reduce the contributions payable in future years. The net asset value as at 31 December 2025 was HK\$9,357 million (2024: HK\$7,799 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 2025, the total number of employees participating in the MTR MPF Scheme was 6,911 (2024: 6,305). In 2025, total members' contributions were HK\$74 million (2024: HK\$67 million) and total contribution from the Company were HK\$80 million (2024: HK\$72 million). No contributions forfeited by employees leaving the scheme were utilised to offset contributions during the year (2024: HK\$nil). As at 31 December 2025, there were no forfeited contributions (2024: 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 2025, the total number of employees participating in the KCRC MPF Scheme was 155 (2024: 189). In 2025, total members' contributions were HK\$3 million (2024: HK\$3 million) and total contribution from the Company were HK\$3 million (2024: HK\$3 million). No contributions forfeited by employees leaving the scheme were utilised to offset contributions during the year (2024: HK\$nil). As at the end of the reporting period, no forfeited contributions (2024: HK\$nil) available to reduce the contributions payable in future years.

B Retirement Schemes for Employees of Chinese Mainland 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 Chinese Mainland 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 2025, total number of the Group's employees participating in this scheme was 274 (2024: 311). In 2025, total members' contributions were HK\$13 million (2024: HK\$14 million) and total contribution from the Group was HK\$53 million (2024: 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 2025, total number of the Group's employees participating in this scheme was nil (2024: nil). In 2025, total contribution from the Group was HK\$nil (2024: HK\$1 million).

46 Retirement Schemes *(continued)*

B Retirement Schemes for Employees of Chinese Mainland 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 2025, total number of the Group's employees participating in this scheme was nil (2024: 868). In 2025, total members' contributions were HK\$13 million (2024: HK\$33 million) and total contribution from the Group was HK\$20 million (2024: HK\$49 million). Pension expense of HK\$88 million (2024: HK\$74 million) was recognised in profit or loss and actuarial gain of HK\$25 million (2024: HK\$10 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, Chinese Mainland, Macao or overseas are defined contribution schemes. For Hong Kong employees, these schemes are registered under the MPFSO in Hong Kong. For Chinese Mainland, Macao or overseas employees, these schemes are operated in accordance with the respective local laws and regulations. As at 31 December 2025, the total number of employees of the Group participating in these schemes was 11,070 (2024: 14,221). In 2025, total members' contributions were HK\$115 million (2024: HK\$121 million) and total contribution from the Group was HK\$782 million (2024: HK\$788 million). During the years ended 31 December 2025 and 2024, the amount of contributions forfeited in accordance to the schemes' rules, if applicable, is not significant.

47 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 46). 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	2025	2024
Present value of defined benefit obligations	(6,956)	(7,257)
Fair value of scheme assets	6,916	6,938
Net liabilities	(40)	(319)

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\$63 million in contribution to the MTR Retirement Scheme in 2026.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

47 Defined Benefit Retirement Scheme *(continued)*

B Scheme Assets

in HK\$ million	2025	2024
Equity securities		
– Financial institutions	100	151
– Non-financial institutions	2,059	1,954
	2,159	2,105
Bonds		
– Government	2,441	3,177
– Non-government	1,843	1,414
	4,284	4,591
Cash	697	458
	7,140	7,154
Voluntary units	(224)	(216)
	6,916	6,938

The scheme assets did not include any ordinary shares of the Company as at 31 December 2025 and 2024. Also, there were no investment in other shares and debt securities of the Company as at 31 December 2025 and 2024. 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. The investment portfolio targets a mix of 30% in equities, 65% in bonds and 5% in cash.

C Movements in the Present Value of the Defined Benefit Obligations

in HK\$ million	2025	2024
At 1 January	7,257	7,713
Remeasurements:		
– Actuarial losses arising from changes in liability experience	135	100
– Actuarial losses/(gains) arising from changes in financial assumptions	132	(89)
	267	11
Members' contributions paid to the scheme	46	49
Benefits paid by the scheme	(1,001)	(938)
Current service cost	145	161
Interest cost	242	261
At 31 December	6,956	7,257

The weighted average duration of the present value of the defined benefit obligations was 3.9 years as at 31 December 2025 (2024: 4.1 years).

47 Defined Benefit Retirement Scheme *(continued)*

D Movements in the Fair Value of Scheme Assets

in HK\$ million	2025	2024
At 1 January	6,938	7,316
Company's contributions paid to the scheme	220	95
Members' contributions paid to the scheme	46	49
Benefits paid by the scheme	(1,001)	(938)
Administrative expenses paid from scheme assets	(4)	(4)
Interest income	236	249
Return on scheme assets, excluding interest income	481	171
At 31 December	6,916	6,938

E Expenses Recognised in Profit or Loss and Other Comprehensive Income

in HK\$ million	2025	2024
Current service cost	145	161
Net interest on net defined benefit liability/asset	6	12
Administrative expenses paid from scheme assets	4	4
	155	177
Less: Amount capitalised	(42)	(48)
Net amount recognised in profit or loss	113	129
Actuarial losses	267	11
Return on scheme assets, excluding interest income	(481)	(171)
Amount recognised in other comprehensive income	(214)	(160)

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

	2025	2024
Discount rate	2.89%	3.83%
Future salary increase	4.00%	4.50%
Unit value increase	4.75%	4.75%

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:

	2025		2024	
	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	(66)	68	(71)	73
Future salary increases	59	(57)	67	(65)
Unit value increase	9	(8)	6	(5)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

48 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 2025, 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 48C 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 48A 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 48C 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) West Rail Agency Agreement and (iv) Property Package Agreements. For the year ended 31 December 2025, amount recoverable or invoiced by the Company under West Rail Agency Agreement is HK\$36 million (2024: HK\$55 million) and the net amounts payable or paid by the Company in relation to the Service Concession is HK\$4,080 million (2024: HK\$3,775 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 48C and 48D 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 2025, net revenue received or receivable from KCRC in respect of the High Speed Rail amounted to HK\$1,280 million (2024: HK\$1,602 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.

48 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 48F(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 48F(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 2025, net revenue received or receivable from KCRC in respect of Shatin to Central Link under relevant supplemental service concession agreement amounted to HK\$706 million (2024: HK\$679 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\$494 million was paid/payable to the HKSAR Government (net of amount received/receivable) in 2025 (2024: HK\$794 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.

48 Material Related Party Transactions *(continued)*

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).

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 2025 and 2024 include:

(i) 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.

(ii) On 8 July 2025, the Company entered into the project agreement with the HKSAR Government for the financing, design and construction of the Northern Link Project – Part 1 (the "NOL (Part 1) Project Agreement") for the first part of the Northern Link ("NOL"). The NOL (Part 1) Project Agreement did not contain obligations for the Company to operate and maintain any part of the Northern Link Main Line (the "NOL Main Line") or the Northern Link Spur Line (the "NOL Spur Line"). It is intended that the Company and the HKSAR Government would enter into discussions on a further agreement (the "Further Agreement") to enable NOL as a whole to be delivered and commissioned. In the event that the Further Agreement is not entered into, the parties shall use reasonable endeavours to discuss and agree on the implementation of NOL Main Line including, but not limited to, necessary facilitation for giving to the HKSAR Government and the HKSAR Government's contractor(s) access to the Company's construction sites, works sites and works areas for carrying out works for the NOL Main Line so that the target of achieving commissioning of NOL Main Line not later than 2034 would not be jeopardised, and for the hand over of the design and construction of part of the NOL Main Line to the HKSAR Government.

The Northern Link Project – Part 1 is targeted to complete by the applicable scheduled completion dates so as to enable the commissioning of the NOL Main Line and NOL Spur Line not later than 2034. Total project cost for the Northern Link Project – Part 1 based on the defined scope of works and programme is estimated at HK\$38,866 million (excluding finance costs).

Pursuant to the NOL (Part 1) Project Agreement, total amount of land premium payable by the Company in respect of the proposed property development shall be assessed by the HKSAR Government as the full market value of the sites (taking into account the presence of the railway) less the total agreed reduction amount of HK\$39,050 million for the purpose of bridging the funding gap of the project works under the NOL (Part 1) Project Agreement. The proposed property development site will be developed on a site-by-site basis and the land premium assessment for each site will be carried out, at the time of the relevant tender, with a specified tranche of the agreed reduction amount being deducted.

Details of the NOL (Part 1) Project Agreement are disclosed in the Company's announcement dated 8 July 2025.

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 was 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 was payable by the Company. The transaction is considered to be a related party transaction and also constitutes 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 was accounted for as government grant in the year ended 31 December 2025 and offset against the related capital expenditure in Railway Construction in Progress (note 23).

48 Material Related Party Transactions *(continued)*

K In connection with the property developments along the railway systems, on 18 November 2025, the Company accepted an offer dated 8 October 2025 from the HKSAR Government to proceed with the proposed Tuen Mun A16 Station Package One Property Development at Site A of Tuen Mun Town Lot No.576 on the terms and conditions of the relevant land grant. The land premium was assessed at HK\$1,756,662,000. After deduction therefrom of the reduction amount pursuant to the project agreement in respect of the Tuen Mun South Extension, nil net land premium was payable by the Company. The transaction is considered to be a related party transaction and also constitutes 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 has been 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).

L 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\$202 million was recognised as consultancy income during the year ended 31 December 2025 (2024: HK\$222 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.

M On 2 April 2025, the Company entered into a Novation Agreement with Octopus Cards Limited (“OCL”) and Octopus Transactions Limited (“OTL”), both being wholly owned subsidiaries of OHL, in respect of the novation of nine service contracts for the Automated Fare Collection Multiple Electronic Payment Projects at Heavy Rail, which were originally entered into between the Company and OCL with a total contract amount of HK\$176.65 million. Accordingly, OCL was released and discharged from each of the service contracts, and OTL undertook to perform each of the service contracts in place of OCL and agreed to be bound by the terms of each of the service contracts in place of OCL, all with effect from 1 May 2025. The aforesaid transaction is considered to be related party transaction and also constitute 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.

During the year ended 31 December 2025, the Group incurred HK\$143 million (2024: HK\$143 million) of expenses for the central clearing services provided by OCL and OTL. OCL incurred HK\$45 million (2024: HK\$49 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\$347 million (2024: HK\$376 million) and distributed HK\$362 million (2024: HK\$399 million) of dividends to the Group.

N During the year ended 31 December 2025, Metro Trains Sydney Pty Ltd provided operations and maintenance services in respect of the Sydney Metro – M1 Metro North West and Bankstown Line to NRT Pty Ltd at a total amount of AUD4 million (HK\$19 million) (2024: AUD197 million (HK\$1,024 million)) and operations, maintenance and mobilisation services in respect of the Sydney Metro – M1 Metro North West and Bankstown Line to NRT CSW Unit Trust, an associate of the Group, at a total amount of AUD295 million (HK\$1,478 million) (2024: AUD108 million (HK\$558 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 AUD175 million (HK\$879 million) (2024: AUD237 million (HK\$1,222 million)). 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).

O During the year ended 31 December 2025, Beijing MTR Corporation Limited declared and distributed RMB319 million (HK\$348 million) (2024: RMB200 million (HK\$216 million)) of dividends to the Group.

P Other than those stated in notes 48A to 48O, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

48 Material Related Party Transactions *(continued)*

Q 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	2025	2024
Short-term employee benefits	115.2	104.5
Post-employment benefits	7.9	7.5
Share-based payments	23.4	26.9
	146.5	138.9

The above remuneration is included in staff costs and related expenses disclosed in note 10A.

R During the year, the following dividends were paid to the FSI of the HKSAR Government:

in HK\$ million	2025	2024
Ordinary dividends		
– Cash dividends paid	6,071	6,071

49 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)	Hong Kong property rental and development	Chinese Mainland and overseas operations	Total
At 31 December 2025					
Authorised but not yet contracted for	32,943	30,064	3,957	224	67,188
Authorised and contracted for	18,861	17,849	7,180	1,023	44,913
	51,804	47,913	11,137	1,247	112,101
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

Note: As at 31 December 2025, capital commitments of Hong Kong railway extension projects included costs of HK\$48 billion in respect of which the project agreements have been signed and the Group is obligated to operate the related railway. These costs are approved by the Board of Directors but yet to be incurred as at 31 December 2025. The costs concerned are dealt with in accordance with the accounting policy set out in note 21.

49 Commitments, Contingent Liabilities and Legal Proceedings *(continued)*

A Capital Commitments *(continued)*

(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 2025				
Authorised but not yet contracted for	23,017	3,036	6,890	32,943
Authorised and contracted for	14,678	1,851	2,332	18,861
	37,695	4,887	9,222	51,804
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

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 2025, the Group had total outstanding liabilities and contractual commitments of HK\$4,754 million (2024: HK\$4,497 million) in respect of these works and services. Cash funds totalling HK\$4,424 million (2024: HK\$4,123 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, SCSA-HSR and SCSA3-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\$50 million (HK\$388 million) as at 31 December 2025.

(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\$14,863 million (in notional amount) as at 31 December 2025. 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 AUD183 million (HK\$952 million) and a performance bond of AUD68 million (HK\$356 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 AUD6 million (HK\$31 million) as at 31 December 2025 for the monthly rental payments to the landlords.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

49 Commitments, Contingent Liabilities and Legal Proceedings *(continued)*

D Material Financial and Performance Guarantees *(continued)*

- (iv) In respect of the 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\$7,945 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\$93 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\$3,134 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\$265 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\$2,067 million) and a bank guarantee with a liability cap of AUD51 million (HK\$266 million) for the operation and maintenance of the 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\$1,151 million) and a parent company guarantee to MTR Corporation (Sydney) SMCSW Pty Limited with a liability cap of AUD221 million (HK\$1,151 million) for the interface works under Sydney Metro - M1 Metro North West and Bankstown Line and Sydney Metro City & Southwest (Design and Delivery).
- (vi) In respect of the Stockholm Metro Franchise, the Group has provided to the Stockholm transport authority a guarantee of SEK1,000 million (HK\$845 million) as at 31 December 2025, which can be called if MTR Tunnelbanan AB, the wholly owned subsidiary of the Group to undertake the franchise, is in default of the agreement.
- (vii) In respect of the investment in Hangzhou West Station property development project, the Group has provided a financial guarantee of RMB406 million (HK\$452 million) to the banks participating in the syndication loan for the repayment of interest and/or loan principal by the consortium.
- (viii) 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.
- (ix) 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.
- (x) 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.

49 Commitments, Contingent Liabilities and Legal Proceedings *(continued)*

D Material Financial and Performance Guarantees *(continued)*

(xi) 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\$838 million) and a performance bond of GBP25 million (HK\$262 million) for MTR Corporation (Crossrail) Limited's performance and other obligations under the franchise agreement. The Group has also provided liability caps totalling GBP7 million (HK\$75 million) and a performance bond of GBP1 million (HK\$10 million) as at 31 December 2025 for minor infrastructure improvement works under London Rail Infrastructure Improvement Framework.

(xii) In respect of the South Western Trains Franchise, the Group has provided to the Secretary of State for Transport a parent company guarantee of GBP2 million (HK\$19 million) and an early termination indemnity of GBP2 million (HK\$19 million) as at 31 December 2025 for the performance and other obligations under the National Rail Contract. The Group has provided a funding deed bond of GBP1 million (HK\$9 million) and an early termination indemnity agreement bond of GBP1 million (HK\$9 million) as at 31 December 2025 for aforementioned obligations.

Save 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 2025.

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 16B, the Company has objected to the notices of profits tax assessments/additional profits tax assessments for years of assessment from 2009/2010 to 2018/2019 which disallowed deduction of certain payments relating to the Rail Merger.

A collective action was launched against several train operators in the United Kingdom, including First MTR South Western Trains Limited, an associate of the Group. The action alleged that the train operators breached the competition law by abusing their dominant positions. Specifically, the plaintiff claimed 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. In October 2025, the Competition Appeal Tribunal issued a judgement in favour of the train operators and dismissed the plaintiff's claim. The plaintiff did not file any appeal within the statutory appeal period.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

50 Company-level Statement of Financial Position

in HK\$ million	At 31 December 2025	At 31 December 2024
Assets		
Fixed assets		
– Investment properties	90,115	93,080
– Other property, plant and equipment	109,243	105,789
– Service concession assets	33,537	32,352
	232,895	231,221
Property management rights	7	9
Railway construction in progress	17,879	11,375
Property development in progress	43,054	42,300
Deferred expenditure	138	64
Investments in subsidiaries	2,965	2,797
Interests in associates	410	410
Investments in securities	6,071	1,000
Properties held for sale	2,856	2,410
Derivative financial assets	1,691	342
Stores and spares	2,259	1,835
Debtors and other receivables	11,097	12,411
Amounts due from related parties	20,762	21,131
Cash, bank balances and deposits	37,257	20,841
	379,341	348,146
Liabilities		
Short-term loans	–	800
Creditors, other payables and provisions	52,121	60,686
Current taxation	1,690	2,785
Amounts due to related parties	42,420	18,955
Loans and other obligations	69,982	58,596
Obligations under service concession	9,729	9,817
Derivative financial liabilities	2,401	2,014
Deferred tax liabilities	16,670	15,978
	195,013	169,631
	184,328	178,515
Net assets		
Capital and reserves		
Share capital	61,287	61,287
Shares held for Executive Share Incentive Scheme	(298)	(299)
Other reserves	123,339	117,527
Total equity	184,328	178,515

Approved and authorised for issue by the Members of the Board on 12 March 2026

Jacob C P Kam
Chairman

Jeny M C Yeung
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 46A(i) and 47F.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 condition, business nature, stage of development, business and financial performance of the investees as well as the availability of information and recent financing at the end of each reporting period. The fair value measurements are disclosed in note 44B.

(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 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 49E, as at 31 December 2025, 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 2025

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 2025 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 HKFRS 9, <i>Financial instruments</i> and HKFRS 7, <i>Financial instruments</i> : <i>Disclosures: Contracts referencing nature-dependent electricity</i>	1 January 2026
Amendments to HKFRS 9, <i>Financial instruments</i> and HKFRS 7, <i>Financial instruments</i> : <i>Disclosures: Amendments to the classification and measurement of financial instruments</i>	1 January 2026
Annual improvements to HKFRSs – Volume 11	1 January 2026
HKFRS 18, <i>Presentation and disclosure in financial statements</i>	1 January 2027
HKFRS 19, <i>Subsidiaries without public accountability: Disclosures</i>	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 12 March 2026.

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 Chinese Mainland such as Beijing, Shanghai and Guangzhou up to 2020
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
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 Chinese Mainland 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

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>



MTR Corporation Limited

MTR Headquarters Building, Telford Plaza

Kowloon Bay, Kowloon, Hong Kong

GPO Box 9916, Hong Kong

Telephone: (852) 2993 2111

Facsimile : (852) 2798 8822

www.mtr.com.hk

