

CHAIRMAN'S LETTER



Dear Shareholders and other Stakeholders,

This year marks the 45th anniversary of the first commencement of MTR Corporation Limited's metro service. This occasion gives me the chance not only to reflect on the role the Company has played in the development of Hong Kong's infrastructure, economy and society over the past five decades, but also to envision what the future holds for our organisation and the city we call home.

MTR's railway system has flourished since the commencement of railway operations in 1979, thriving in the fertile ground of Hong Kong's urban landscape and connecting people, neighbourhoods and commercial activities with world-class mass transit services. Just two years ago, we saw the conclusion of an important expansion programme that ended – quite fittingly – with the very first heavy rail line in Hong Kong, the now-114-year-old, upgraded East Rail Line, stretching from the cross-boundary stations of Lo Wu and Lok Ma Chau southward all the way across Victoria Harbour to Hong Kong Island and the bustling district of Admiralty. With the city's extraordinary growth over the past decades has come the vital need to connect communities ever more efficiently, and MTR has been there every step of the way to help by providing efficient and reliable mass transit service, which has played an indispensable role in driving urban progress.

Now, we are embarking upon a new stage of growth and development, with several new railway projects being planned or launched to support Hong Kong's future growth and strategic positioning. Under the ownership approach, MTR is responsible for the financing, design, construction, operations and decades-long maintenance of these new projects. Leveraging the "Rail plus Property" business model, the value created from developing the land around the railways will help provide funding through property development to meet the substantial investment and expenditure required for railway construction and maintenance. This new round of railway projects is not only part of our efforts to support

Hong Kong's continued growth, but also an investment in our future. Through consistently professional and prudent planning, we will ensure that the funds and resources needed to support the city's economic and social progress and drive the Company's continued development are available in a timely manner. Even given today's prevailing macroeconomic and geopolitical uncertainties, I believe MTR's track record shows that it is up to this challenge. The Company is firmly committed to practising strong corporate governance and maintaining a healthy financial position. It has also shown it can adapt with the times by diversifying its businesses and integrating new technology to power the type of growth required for the funding of important new projects.

MTR's mission to "Keep Cities Moving" fundamentally means putting the interests of people in Hong Kong and other cities at the core of our organisation's social value. As a listed company, we are also committed to enhancing shareholder value and sustaining our solid growth through efficient asset management, excellent operational performance and sound long-term investment strategy.

In celebration of MTR's 45 years of togetherness with Hong Kong, we are hosting a series of activities to engage with the public and reinforce the bonding we have built throughout the years. One of the highlights is the "Station Rail Voyage" exhibition, opened in Hung Hom Station in April. This showcase highlights MTR's history and the development of rail transit in Hong Kong with historical artifacts and interactive displays as we set the scene for the next chapter in the growth story of MTR and Hong Kong.

BUSINESS PERFORMANCE AND GROWTH

The first half of 2024 saw MTR make solid progress in the areas of network expansion and railway enhancement. We are moving forward with a number of important projects under Government's Railway Development Strategy 2014 and Northern Metropolis development strategy that will support Hong Kong's long-term planning and growth. Major construction works have

commenced for Oyster Bay Station, the Tung Chung Line Extension, Kwu Tung Station on the East Rail Line and the Tuen Mun South Extension. This March, the Chief Executive in Council also authorised the construction of Hung Shui Kiu Station, which will predominantly serve the future Hung Shui Kiu/ Ha Tsuen New Development Area west of the Northern Metropolis.

We continue to "Go Smart Go Beyond" by introducing innovations that make our existing systems and services more environmentally friendly and convenient. We are also keenly focused on mobility to ensure that MTR's stations and trains are accessible to people from all walks of life.

MTR is a company deeply rooted in Hong Kong but also with aspirations to serve communities in Mainland China, including the Greater Bay Area, as well as overseas. In Australia, we welcomed the extension of the Melbourne metropolitan rail network concession to November 2027. For the Elizabeth line in the UK, we are engaged in the competition for the next operating concession. In Mainland China, we continue to progress the Shenzhen Metro Line 13 Phase 1 project, and the initial section is planned to commence passenger service within this year.

FINANCIAL PERFORMANCE

Over the first six months of the year, patronage of Cross-boundary Service, Domestic Service and High Speed Rail continued to improve, driving an increase in overall fare revenue. Along with the gradual recovery of our station commercial and shopping mall businesses, this has resulted in an increase in profit attributable to equity shareholders from recurrent businesses to HK\$4,024 million. Together with property development profit of HK\$1,740 million, profit arising from underlying businesses was HK\$5,764 million, an 82.9% increase over the comparable period in 2023. Including the gain arising from fair value measurement of investment properties of HK\$280 million, net profit attributable to shareholders of the Company increased by 44.7% year on year to HK\$6,044 million, representing earnings per share of HK\$0.97. While these figures represent significant

year-on-year increases compared to the pandemic period, they also represent the on-going slow and steady recovery since the difficulties of that time. Your Board has declared an interim dividend of HK\$0.42 per share, same as the first six months of 2023.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

MTR adheres to a robust environmental, social and governance ("ESG") framework to achieve sustainable growth while also protecting the wider interests of its communities. Each year, we define our key performance indicators ("KPIs") according to 10 focus areas covering three primary environmental and social objectives: reducing Greenhouse Gas Emissions, promoting Social Inclusion, and fostering Advancement & Opportunities. For 2024, we have identified 43 such ESG-related KPIs. We also seek to attain world-class standards of corporate governance to ensure that our business – and that of our partners and suppliers – is conducted both ethically and transparently.

Reducing Greenhouse Gas Emissions

MTR prioritises energy efficiency and carbon reduction to help create a better, greener world for future generations. In our focus area of Carbon Emissions, we put the first of what will be many electric buses into passenger service. In Green and Low-carbon Design, seven new stations successfully attained "BEAM Plus" Provisional Gold certification or higher. In Clean Energy and Energy Efficiency, we successfully installed solar photovoltaic systems at Kwun Tong Station, Tuen Mun Depot and Tai Wai Depot, planned the trial of a non-revenue, hydrogen-fuelled light rail vehicle, and continued replacing conventional lights with LED lights in stations and depots. In Waste Management, we continued our "Legacy Train Revitalisation Programme" by donating decommissioned train carriages and components for

repurposing. We were also delighted to host the "Green T Baby Fun Day", a community event where more than 8,000 residents participated in activities designed to promote a low-carbon lifestyle.

Promoting Social Inclusion

Diversity and Inclusion lie at the heart of what we do as a mass transit leader. In honour of International Women's Day, we hosted a lunchtime Music Therapy session to raise awareness of employee well-being, inclusivity and gender equity in the workplace. Also in the first half of 2024, we launched "EmpowerZ", a Traineeship Pilot Programme for trainees from ethnically diverse backgrounds or those with disabilities.

Volunteering is an important part of our social outreach efforts. As at 30 June 2024, 157 volunteering projects had been organised under the "More Time Reaching Community" Scheme involving a total participating headcount of 2,827 volunteers.

Fostering Advancement & Opportunities

Our people are our most important assets. We strive to help our colleagues advance their careers by investing in comprehensive training that provides the essential professional skills and capabilities necessary for success. Nurturing a culture of continuous learning ultimately enables us to attract and retain talented individuals who can grow together with the Company.

Starting in February, we held the "Train' for Life's Journeys 2.0 Programme – The Social Innovation Challenge", an event structured to develop young people's future skills and innovative capacity in areas including design thinking, entrepreneurship, financial literacy and AI application. More than 400 students from 110 teams submitted proposals for innovative solutions in the areas of disability inclusion, ethnic diversity, gender equity and intergenerational relationships with the support of our ESG Project Allies.

Governance

As a cornerstone company of Hong Kong, MTR strives to build and maintain trust among its shareholders and stakeholders by adhering to the highest standards of corporate governance, ethics and transparency. We are also committed to achieving inclusion and diversity.

ACKNOWLEDGEMENTS AND APPRECIATION

I would like to take this opportunity to thank Dr Dorothy Chan Yuen Tak-fai and Ms Rose Lee Wai-mun, who retired from the Board as Independent Non-executive Directors (“INEDs”) on 22 May 2024, for their leadership and valuable contributions to the Company. I would also like to welcome Mrs Ayesha Macpherson Lau as an INED of the Board, effective 22 May 2024. Additionally, I am honoured to have been reappointed as Chairman for another one-and-a-half-year term up to 31 December 2025. I look forward to working with the Board, MTR’s executives and management, and our tens of thousands of staff in Hong Kong and around the world as we continue our mission to Keep Cities Moving.

Over the past 45 years, MTR has served its communities with the utmost professionalism to deliver safe, efficient, environmentally friendly and inclusive rail services. I am excited to see where the future will take us as we move to the next important stage in Hong Kong’s infrastructural and economic development.



Dr Rex Auyeung Pak-kuen
Chairman
Hong Kong, 15 August 2024