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新聞稿

Press Release

PR049/24
15 August 2024

MTR Corporation Posts Results for First Half of 2024
Reinforces Commitment to the Future as
It Gears for New Railways and Asset Maintenance Investment

The MTR Corporation announced the 2024 Interim Results today (15 August 2024). In the first half of the year, the Corporation recorded underlying business profit of approximately HK$5.8 billion. Against the lower base figure during the initial stages of COVID recovery in 2023, this growth is attributable to the year-on-year growth in patronage, revenue from station retail, property rental and bookings from property development. During the period, the Corporation has been advancing various railway extension projects in Hong Kong, utilising part of the property revenue from the "Rail plus Property" to finance the railway construction and build the communities. In addition to the ongoing asset renewal works in recent years, the Corporation will devote more than HK$100 billion in the next decade to invest in Hong Kong and contribute to the city's development.

After the full resumption of cross-boundary travel early last year, the economy has been gradually returning to normalcy. However, the ongoing uncertainties in the global economy and the evolving post-pandemic travel and consumption trends continue to impact business performance. Although total local patronage exceeded 950 million during the first half of this year, our railway patronage has not returned to pre-pandemic levels.

Regarding new railway projects, construction works for the Tung Chung Line Extension, Kwu Tung Station on the East Rail Line, Tuen Mun South Extension and Oyster Bay Station have commenced since mid-last year. The advance works of Hung Shui Kiu Station on the Tuen Ma Line commenced this year while the Northern Link has been gazetted. The projects, which total over HK$100 billion, will benefit various sectors from project planning, design, construction to various associated industries and their employment.

In the area of property, subject to the construction and sales progress, the Corporation expects to book property development profits from THE SOUTHSIDE Packages 4 and 5, Ho Man Tin Station Packages 1 and 2, and LOHAS Park Package 11.

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In our Mainland China and overseas businesses, the remaining sections of Beijing Metro Line 17 are under construction and the initial section of the Shenzhen Metro Line 13 Phase 1 project is planned to open within this year. The Corporation also looks forward to the opening of the City Section of the Sydney Metro City and Southwest Line and will continue to pursue development opportunities in Mainland China and overseas.

"This year marks the 45th anniversary of the commencement of MTR service. Throughout these years, we achieved numerous important milestones and have expanded our services to all of the 18 districts to support the development of Hong Kong. Every day, our very committed teams provide highly efficient, safe and quality railway service to keep our cities moving, serving and connecting the communities," said Dr Jacob Kam, Chief Executive Officer of MTR Corporation.

"As we embarked on a new phase of railway projects development, our existing network has also entered the cycle of major asset renewal. We shall actively explore the use of innovation and technology to raise our competitiveness. At the same time, through effective management of investment and programmes, MTR will continue to contribute to strengthening Hong Kong's strategic positioning and to keep cities moving," he added.

The MTR Board has declared an interim ordinary dividend of HK$0.42 per share. (Please refer to the appendix for the Interim Results announcement.)

Moving forward, the Corporation remains committed to prudent financial management and cost control while pursuing our diversified business development as well as building railways and communities for Hong Kong. The Corporation will continue its efforts in asset renewal to provide world-class sustainable railway service and to "Go Smart Go Beyond" with the community.

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Appendix

MTR CORPORATION LIMITED
香港鐵路有限公司

(the "Company")
(Incorporated in Hong Kong with limited liability)
(Stock Code: 66)

ANNOUNCEMENT OF UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

RESULTS

HK$ million	Six months ended 30 June **2024**	2023	Favourable / (unfavourable) change
Total revenue	**29,271**	27,574	6.2%
Profit from recurrent businesses	**4,024**	2,420	66.3%
Profit from property development	**1,740**	732	137.7%
Gain from fair value measurement of investment properties	**280**	1,026	(72.7)%
Net profit attributable to shareholders of the Company	**6,044**	4,178	44.7%

- Interim ordinary dividend of HK$0.42 per share declared

HIGHLIGHTS

Hong Kong Businesses

- Our recurrent businesses benefited from the continuing recovery in patronage for both Domestic and Cross-boundary services, as well as strong performance from High Speed Rail (Hong Kong Section) ("HSR") service
- Train service delivery and passenger journeys on-time for heavy rail maintained at 99.9% world-class level
- HSR overnight sleeper train services connecting Hong Kong with Beijing and Shanghai successfully launched in June 2024
- Hong Kong property development profit of HK$1.7 billion mainly derived from SOUTHLAND (THE SOUTHSIDE Package 1), La Marina (THE SOUTHSIDE Package 2) and Villa Garda (LOHAS Park Package 11)
- Full-scale soft opening of our lifestyle destination mall located alongside Wong Chuk Hang Station, THE SOUTHSIDE, in June 2024

Mainland China and International Businesses

- Concession of the Melbourne's metropolitan train service extended to November 2027
- Divestment of MTRX, serving the intercity service between Stockholm and Gothenburg, completed in May 2024
- Operational handovers to the new operators for Stockholms pendeltåg and Mälartåg services completed in March 2024 and June 2024 respectively, following the agreement to early terminate these two concessions

HIGHLIGHTS *(continued)*

Outlook

- While our recurrent revenue and profit continue to improve, the Corporation needs to proceed cautiously, particularly when the global economy remains volatile due to the challenges and uncertainties ahead. The Corporation will continue practising prudent financial management and emphasising operational excellence and efficiency through innovation
- Subject to the progress of construction and sales, we expect booking property development profit from La Montagne (THE SOUTHSIDE Package 4), THE SOUTHSIDE Package 5, ONMANTIN (Ho Man Tin Station Package 1), IN ONE (Ho Man Tin Station Package 2) and Villa Garda (LOHAS Park Package 11) in the second half of 2024
- Depending on market conditions, we anticipate the possible tendering of Tung Chung East Station Package 1 potentially within the next 12 months
- Continue to make progress in various new railway projects under RDS 2014 and assist on initiatives planned under Hong Kong Major Transport Infrastructure Development Blueprint
- Opening of the City section of Sydney Metro City & Southwest in the final preparation stage
- Opening of the initial section of Shenzhen Metro Line 13 Phase 1 project planned within 2024

The Directors of the Company announce the unaudited interim results of the Company and its subsidiaries ("the Group") for the six months ended 30 June 2024 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

HK$ million	**Six months ended 30 June 2024 (Unaudited)**	2023 (Unaudited)
Revenue from Hong Kong transport operations	**11,138**	9,342
Revenue from Hong Kong station commercial businesses	**2,638**	2,415
Revenue from Hong Kong property rental and management businesses	**2,688**	2,456
Revenue from Mainland China and international railway, property rental and management subsidiaries	**12,429**	13,079
Revenue from other businesses	**378**	282
	29,271	27,574
Revenue from Mainland China property development	**-**	-
Total revenue	**29,271**	27,574
Expenses relating to Hong Kong transport operations		
- Staff costs and related expenses	**(3,592)**	(3,363)
- Maintenance and related works	**(1,206)**	(1,154)
- Energy and utilities	**(1,093)**	(1,175)
- General and administration expenses	**(391)**	(349)
- Stores and spares consumed	**(288)**	(263)
- Railway support services	**(229)**	(154)
- Government rent and rates	**(91)**	(77)
- Other expenses	**(189)**	(127)
	(7,079)	(6,662)
Expenses relating to Hong Kong station commercial businesses	**(310)**	(255)
Expenses relating to Hong Kong property rental and management businesses	**(525)**	(458)

HK$ million	Six months ended 30 June **2024 (Unaudited)**	2023 (Unaudited)
Expenses relating to Mainland China and international railway, property rental and management subsidiaries	**(11,720)**	(12,547)
Expenses relating to other businesses	**(326)**	(240)
Project study and business development expenses	**(197)**	(156)
	(20,157)	(20,318)
Expenses relating to Mainland China property development	**(2)**	(9)
Operating expenses before depreciation, amortisation and variable annual payment	**(20,159)**	(20,327)
Operating profit / (loss) before Hong Kong property development, fair value measurement of investment properties, depreciation, amortisation and variable annual payment		
- Arising from recurrent businesses	**9,114**	7,256
- Arising from Mainland China property development	**(2)**	(9)
	9,112	7,247
Hong Kong property development profit from share of surplus, income and interest in unsold properties	**2,024**	783
Gain from fair value measurement of investment properties	**280**	1,005
Operating profit before depreciation, amortisation and variable annual payment	**11,416**	9,035
Depreciation and amortisation	**(2,906)**	(3,046)
Variable annual payment	**(1,434)**	(1,052)
Share of profit of associates and joint ventures	**673**	632
Profit before interest, finance charges and taxation	**7,749**	5,569
Interest and finance charges	**(494)**	(589)
Profit before taxation	**7,255**	4,980
Income tax	**(1,111)**	(627)
Profit for the period	**6,144**	4,353
Attributable to:		
- Shareholders of the Company	**6,044**	4,178
- Non-controlling interests	**100**	175
Profit for the period	**6,144**	4,353

HK$ million	Six months ended 30 June **2024** **(Unaudited)**	 2023 (Unaudited)
Profit for the period attributable to shareholders of the Company:		
- Arising from recurrent businesses		
- in Hong Kong	**3,482**	2,227
- outside Hong Kong	**542**	193
	4,024	2,420
- Arising from property development		
- in Hong Kong	**1,722**	712
- outside Hong Kong	**18**	20
	1,740	732
- Arising from underlying businesses	**5,764**	3,152
- Arising from fair value measurement of investment properties	**280**	1,026
	6,044	4,178
Earnings per share:		
- Basic	**HK$0.97**	HK$0.67
- Diluted	**HK$0.97**	HK$0.67

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

HK$ million	**Six months ended 30 June** **2024** **(Unaudited)**	2023 (Unaudited)
Profit for the period	**6,144**	4,353
Other comprehensive (loss) / income for the period (after taxation and reclassification adjustments):		
Item that will not be reclassified to profit or loss:		
- (Loss) / surplus on revaluation of self-occupied buildings	**(59)**	18
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	**(478)**	(738)
- non-controlling interests	**(7)**	(4)
- Cash flow hedges: net movement in hedging reserve	**155**	(43)
	(330)	(785)
	(389)	(767)
Total comprehensive income for the period	**5,755**	3,586
Attributable to:		
- Shareholders of the Company	**5,662**	3,415
- Non-controlling interests	**93**	171
Total comprehensive income for the period	**5,755**	3,586

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

HK$ million	**As at 30 June 2024 (Unaudited)**	As at 31 December 2023 (Audited)
Assets		
Fixed assets		
- Investment properties	**97,584**	98,205
- Other property, plant and equipment	**104,709**	103,721
- Service concession assets	**37,054**	36,710
	239,347	238,636
Property management rights	**10**	10
Railway construction in progress	**7,178**	4,256
Property development in progress	**41,923**	41,728
Deferred expenditure	**496**	378
Interests in associates and joint ventures	**13,029**	12,785
Deferred tax assets	**657**	603
Investments in securities	**906**	862
Properties held for sale	**2,736**	1,939
Derivative financial assets	**223**	240
Stores and spares	**2,667**	2,557
Debtors and other receivables	**13,963**	13,756
Amounts due from related parties	**6,616**	5,802
Cash, bank balances and deposits	**31,266**	22,375
Assets of disposal group classified as held for sale	**-**	499
	361,017	346,426
Liabilities		
Short-term loans	**1,005**	1,379
Creditors, other payables and provisions	**76,384**	76,682
Current taxation	**1,981**	1,623
Amounts due to related parties	**6,124**	2,614
Loans and other obligations	**69,413**	58,112
Obligations under service concession	**10,009**	10,059
Derivative financial liabilities	**1,755**	1,710
Loans from holders of non-controlling interests	**124**	141
Deferred tax liabilities	**15,269**	15,151
Liabilities of disposal group classified as held for sale	**-**	99
	182,064	167,570
Net assets	**178,953**	178,856
Capital and reserves		
Share capital	**61,084**	61,083
Shares held for Executive Share Incentive Scheme	**(302)**	(269)
Other reserves	**117,568**	117,530
Total equity attributable to shareholders of the Company	**178,350**	178,344
Non-controlling interests	**603**	512
Total equity	**178,953**	178,856

Notes:

1. REVIEW OF INTERIM FINANCIAL REPORT

The interim results set out in this preliminary announcement do not constitute the Group's interim financial report for the six months ended 30 June 2024 but are extracted from that interim financial report.

The interim financial report for the six months ended 30 June 2024 is unaudited, but has been reviewed by the Company's auditor, KPMG, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The unmodified review report of KPMG is included in the interim report to be sent to shareholders. The interim financial report has also been reviewed by the Company's Audit & Risk Committee.

2. BASIS OF PREPARATION

This preliminary announcement of the Company's interim results has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The financial information relating to the financial year ended 31 December 2023 that is included in this preliminary announcement of the interim results as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

- The Company has delivered the financial statements for the year ended 31 December 2023 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

- The Company's auditor has reported on the consolidated financial statements for the year ended 31 December 2023. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

The 2024 unaudited interim financial report should be read in conjunction with the 2023 annual financial statements.

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these have had a material effect on the Group's results and financial position for the current or prior periods have been prepared or presented in the interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The accounting policies adopted for the preparation of the interim financial report are the same as those adopted in the preparation of the 2023 annual financial statements.

3. RETAINED PROFITS

The movements of the retained profits during the six months ended 30 June 2024 and the year ended 31 December 2023 are as follows:

HK$ million	
Balance as at 1 January 2024	**115,688**
Profit for the period attributable to shareholders of the Company	**6,044**
Vesting and forfeiture of award shares of Executive Share Incentive Scheme	**(5)**
Dividend proposed and approved	**(5,533)**
Balance as at 30 June 2024	**116,194**

HK$ million	
Balance as at 1 January 2023	116,228
Profit for the year attributable to shareholders of the Company	7,784
Other comprehensive loss arising from remeasurement of net asset / liability of defined benefit schemes	(194)
Vesting and forfeiture of award shares of Executive Share Incentive Scheme	(2)
Dividends declared and approved, net of scrip dividend for shares held for Executive Share Incentive Scheme	(8,128)
Balance as at 31 December 2023	115,688

4. 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:

	Six months ended 30 June	
HK$ million	**2024**	2023
Share of surplus, income and interest in unsold properties from property development	**1,995**	786
Agency fee and other income from West Rail property development	**33**	4
Overheads	**(4)**	(7)
Hong Kong Property Development Profit (Pre-tax)	**2,024**	783
Hong Kong Property Development Profit (Post-tax)	**1,722**	712

For the six months ended 30 June 2024, profit attributable to shareholders of the Company arising from Hong Kong property development of HK$1,722 million (2023: HK$712 million) represents Hong Kong property development profit of HK$2,024 million (2023: HK$783 million) and related income tax expenses of HK$302 million (2023: HK$71 million).

5. GAIN FROM FAIR VALUE MEASUREMENT OF INVESTMENT PROPERTIES

Gain from fair value measurement of investment properties comprises:

HK$ million	Six months ended 30 June 2024	2023
Loss from fair value remeasurement on investment properties	**(810)**	-
Gain from fair value measurement of investment properties on initial recognition from property development	**1,090**	1,005
	280	1,005

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.

As at 31 December 2023, taking into account the outstanding risks and obligations of HK$3.6 billion retained by the Group and HK$0.2 billion cost incurred/to be incurred by the Group in connection with this property development, in accordance with the Group's accounting policies, HK$1.4 billion was recognised as gain from fair value measurement of investment properties on initial recognition from property development in profit or loss for the year ended 31 December 2023. As at 31 December 2023, deferred income of HK$3.6 billion retained was recognised in the Group's consolidated statement of financial position and included in "Creditors, other payables and provisions".

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 six months ended 30 June 2024, after reassessing the outstanding risks and obligations retained by the Group at the end of reporting period, HK$1,090 million (2023: HK$1,005 million) was recognised as gain from fair value measurement of investment properties on initial recognition from property development in profit or loss.

6. INCOME TAX

A Income tax in the consolidated statement of profit or loss represents:

HK$ million	Six months ended 30 June **2024**	2023
Current tax		
- Hong Kong Profits Tax	**851**	525
- Tax outside Hong Kong	**251**	138
	1,102	663
Deferred tax		
- Origination and reversal of temporary differences on:		
- tax losses	**2**	(57)
- depreciation allowances in excess of related depreciation	**111**	(13)
- revaluation of properties	**-**	(16)
- provisions and others	**(108)**	41
- right-of-use assets	**(10)**	2
- lease liabilities	**14**	7
	9	(36)
	1,111	627

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 six months ended 30 June 2024 is calculated at 16.5% (2023: 16.5%) on the estimated assessable profits for the period 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 as 2023.

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

Provision for deferred tax on temporary differences arising in Hong Kong is calculated at the Hong Kong Profits Tax rate at 16.5% (2023: 16.5%), while that arising outside Hong Kong is calculated at the appropriate current rates of taxation ruling in the relevant tax jurisdictions.

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 six months ended 30 June 2024, the Group has recognised HK$nil for the current tax relating to the Pillar Two model rules.

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 the first six months of 2024/2025 amounted to HK$5.4 billion (for the years of tax assessment from 2007/2008 to 2023/2024: HK$5.1 billion). As disclosed in previous years:

(i) The Inland Revenue Department of Hong Kong ("IRD") issued notices of profits tax assessments/additional profits tax assessments for the years of assessment from 2009/2010 to 2017/2018 disallowing deduction of the Sums in the computation of the Company's assessable profits. Based on the strength of advice from the external legal counsel and its tax advisor, the Company has lodged objections against these tax assessments (regarding the deductibility of the Sums) and has applied to hold over the additional tax demanded. The IRD has agreed to the holdover of the additional tax demanded subject to the purchases of tax reserve certificates ("TRCs") amounting to HK$2.3 billion. The Company has purchased the required TRCs and the additional tax demanded has been held over by IRD. The purchases of TRCs do not prejudice the Company's tax position and the purchased TRCs were included in "Debtors and other receivables" in the Group's consolidated statement of financial position.

(ii) On 20 May 2022, the Commissioner of Inland Revenue issued a determination to the Company disagreeing with the objections lodged by the Company and confirming profits tax assessment/additional profits tax assessments in respect of the Sums in dispute for the years of assessment from 2011/2012 to 2017/2018 (i.e. holding that the Sums are not deductible in the computation of the Company's assessable profits for those years of assessment). The Company re-affirmed the case with the external legal counsel who advised the Company previously and its tax advisor, and obtained further advice from another external legal counsel. Based on the advice from the external legal counsel and its tax advisor, the directors of the Company believe that the Company has strong legal grounds and have determined to contest and appeal against the assessments for the years of assessment from 2011/2012 to 2017/2018. Accordingly, the Company lodged a notice of appeal to the Inland Revenue Board of Review on 16 June 2022.

(iii) After discussing with the external legal counsel and its tax advisor on the approach to the appeal, the Company decided not to pursue its deduction claims in respect of the amortisation of upfront payment and cut-over liabilities during the opening submission before Board of Review. As the Company had already made the related tax provision for the amortisation of upfront payment and cut-over liabilities in the past years taking into account the uncertainty in their tax deductibility, no additional tax provision is required.

As mentioned above, the total tax amount in respect of the Sums for the years of tax assessment from 2007/2008 to the first six months of 2024/2025 amounted to HK$5.4 billion (for the years of tax assessment from 2007/2008 to 2023/2024: HK$5.1 billion). As of 30 June 2024, the related tax provision made for the amortisation of upfront payment and cut-over liabilities amounted to HK$0.2 billion (as of 31 December 2023: HK$0.2 billion). The hearing of appeal was held before the Board of Review in early 2024.

On 6 August 2024, the Board of Review has issued its decision ("the Board of Review Decision") and has disagreed with the deduction claims of the fixed annual payments and variable annual payments for the years of assessment from 2011/2012 to 2017/2018. It confirmed the relevant profits tax assessment/additional profits tax assessments in respect of the fixed annual payments and variable annual payments being non-tax deductible.

The Company is in the process of reviewing the Board of Review Decision. The Company has conferred with external legal counsel and its tax advisor and the initial advice obtained is that the Company currently continues to have strong legal grounds to support its position. As such, as of the date of the interim financial report, no additional tax provision has been made. The review is ongoing and the Company reserves its position on this matter.

7. DIVIDENDS

Ordinary dividends to shareholders of the Company are as follows:

HK$ million	Six months ended 30 June **2024**	2023
Ordinary dividends attributable to the period		
- Interim ordinary dividend declared after the end of the reporting period of HK$0.42 (2023: HK$0.42) per share	**2,614**	2,610
Ordinary dividends attributable to the previous year		
- Final ordinary dividend of HK$0.89 (2023: HK$0.89 per share attributable to year 2022) per share approved and payable during the reporting period	**5,533**	5,520

The 2024 interim ordinary dividend declared after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

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. The Board has resolved to pay an interim dividend of HK$0.42 per share for the six months ended 30 June 2024 in cash. The interim dividend is expected to be paid on 17 September 2024 to shareholders whose names appear on the Register of Members of the Company as at the close of business on 4 September 2024.

8. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to shareholders of the Company for the six months ended 30 June 2024 of HK$6,044 million (2023: HK$4,178 million) and the weighted average number of ordinary shares in issue less shares held for Executive Share Incentive Scheme during the period amounting to 6,210,898,154 shares (2023: 6,196,252,133 shares).

The calculation of diluted earnings per share is based on the profit attributable to shareholders of the Company for the six months ended 30 June 2024 of HK$6,044 million (2023: HK$4,178 million) and the weighted average number of ordinary shares in issue less shares held for Executive Share Incentive Scheme during the period after adjusting for the dilutive effect of the Company's Executive Share Incentive Scheme amounting to 6,218,725,473 shares (2023: 6,202,341,238 shares).

Both basic and diluted earnings per share would have been HK$0.93 (2023: HK$0.51), if the calculation is based on profit attributable to shareholders of the Company arising from underlying businesses of HK$5,764 million (2023: HK$3,152 million).

9. SEGMENTAL INFORMATION

The Group's businesses consist of (i) recurrent businesses (comprising Hong Kong transport operations, Hong Kong station commercial businesses, Hong Kong property rental and management businesses, and other businesses (collectively referred to as "recurrent businesses in Hong Kong"), and Mainland China and international railway, property rental and management businesses (referred as "recurrent businesses outside of Hong Kong"), and both excluding fair value measurement of investment properties) and (ii) property development businesses (together with recurrent businesses referred to as "underlying businesses").

The Group manages its businesses by the various business executive committees. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following reportable segments:

(i) Hong Kong transport operations: The provision of passenger operation and related services on the domestic mass transit railway system in Hong Kong, the Airport Express serving both the Hong Kong International Airport and the AsiaWorld-Expo at Chek Lap Kok, cross-boundary railway connection with Mainland China at Lo Wu and Lok Ma Chau, the Guangzhou-Shenzhen-Hong Kong Express Rail Link (Hong Kong Section), light rail and bus feeder with railway system in the north-west New Territories and intercity railway transport with certain cities in Mainland China.

(ii) Hong Kong station commercial businesses: Commercial activities including the letting of advertising, retail and car parking spaces at railway stations, the provision of telecommunication, bandwidth and data centre services in railway and other premises, and other commercial activities within the Hong Kong transport operations network.

(iii) Hong Kong property rental and management businesses: The letting of retail, office and car parking spaces and the provision of property management services in Hong Kong.

(iv) Hong Kong property development: Property development activities at locations near the railway systems in Hong Kong.

(v) Mainland China and international railway, property rental and management businesses: The construction, operation and maintenance of mass transit railway systems including station commercial activities outside of Hong Kong and the letting of retail spaces and provision of property management services in Mainland China.

(vi) Mainland China property development: Property development activities in Mainland China.

(vii) Other businesses: Businesses not directly relating to transport services or properties such as Ngong Ping 360, which comprises cable car operation in Tung Chung and related businesses at the Ngong Ping Theme Village, railway consultancy business, investment in Octopus Holdings Limited and the provision of project management services to the Government of the Hong Kong Special Administrative Region (the "HKSAR Government" or "Government").

The results of the reportable segments and reconciliation to the corresponding consolidated totals in the interim financial report are shown below:

HK$ million	**Revenue Six months ended 30 June 2024**	 2023	**Contribution to profit / (loss) Six months ended 30 June 2024**	 2023
Hong Kong transport services				
- Hong Kong transport operations	**11,138**	9,342	**415**	(774)
- Hong Kong station commercial businesses	**2,638**	2,415	**1,897**	1,798
	13,776	11,757	**2,312**	1,024
Hong Kong property rental and management businesses	**2,688**	2,456	**2,154**	1,990
Mainland China and international railway, property rental and management businesses	**12,429**	13,079	**486**	290
Mainland China property development	**-**	-	**(2)**	(9)
Other businesses	**378**	282	**19**	10
	29,271	27,574	**4,969**	3,305
Hong Kong property development			**2,024**	783
Project study and business development expenses			**(197)**	(156)
Gain from fair value measurement of investment properties			**280**	1,005
Share of profit of associates and joint ventures			**673**	632
Profit before interest, finance charges and taxation			**7,749**	5,569
Interest and finance charges			**(494)**	(589)
Income tax			**(1,111)**	(627)
Profit for the period			**6,144**	4,353

For the six months ended 30 June 2024, profit attributable to shareholders of the Company arising from property development of HK$1,740 million (2023: HK$732 million) represents Hong Kong property development profit of HK$2,024 million (2023: HK$783 million), Mainland China property development loss of HK$2 million (2023: HK$9 million) and the related interest, finance charges and income tax expenses of HK$282 million (2023: HK$42 million).

For the six months ended 30 June 2024, profit attributable to shareholders of the Company arising from fair value measurement of investment properties of HK$280 million (2023: HK$1,026 million) represents loss from fair value remeasurement on investment properties of HK$810 million (2023: HK$nil), gain from fair value measurement of investment properties on initial recognition from property development of HK$1,090 million (2023: HK$1,005 million) and related income tax credit of HK$nil (2023: HK$21 million).

The Group disposed its operations of Beijing Ginza Mall in Mainland China and MTRX in Sweden in May 2024, as well as early terminated the concessions for Stockholms pendeltåg and Mälartåg in Sweden in March 2024 and June 2024 respectively. In this regard, included in "contribution to profit/(loss) from Mainland China and international railway, property rental and management businesses" during the six months ended 30 June 2024 was a net aggregated loss of HK$100 million principally arising from the disposal of the Group's operation in Beijing Ginza Mall.

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the services were provided or goods were delivered.

HK$ million	Six months ended 30 June **2024**	2023
Hong Kong SAR (place of domicile)	**16,837**	14,474
Australia	**7,812**	8,414
Mainland China and Macao SAR	**937**	878
Sweden	**2,139**	2,394
United Kingdom	**1,546**	1,414
	12,434	13,100
	29,271	27,574

10. 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 10A(b)(v) below), up to the date of the interim financial report, no formal claim has been received from the HKSAR Government. The HKSAR Government has 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 is seeking further information and explanations from the Company. The Company is in the process of reviewing such Areas of Interest and will, following such review, enter into a dialogue with the HKSAR Government with a view to addressing such Government Areas of Interest.

(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 Financial Secretary Incorporated, 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.

(c) As at 30 June 2024, the Company has not made any provision in its interim financial report 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 10A(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 30 June 2024 and up to the date of the interim financial 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 six months ended 30 June 2024, HK$31 million (2023: HK$39 million) of such costs were incurred by the Company, which are payable by the HKSAR Government. As at 30 June 2024, the amount of such costs which remained outstanding from the HKSAR Government was HK$163 million (31 December 2023: HK$144 million).

The SCL EA3 was entered into in 2012 for the construction and commissioning of the SCL. The HKSAR Government is responsible for bearing all the work costs specified in the SCL EA3 including costs to contractors and costs to the Company ("**Interface Works Costs**") (which the Company would pay upfront and recover from the HKSAR Government) except for certain costs of modification, upgrade or expansions of certain assets (including rolling stock, signalling, radio and main control systems) for which the Company is responsible under the existing service concession agreement with KCRC. The Company will contribute an amount in respect of the costs relating to such modifications, upgrades or expansions. This will predominantly be covered by the reduction in future maintenance capital expenditure which the Company would have otherwise incurred. The total sum entrusted to the Company by the HKSAR Government for the main construction works under the SCL EA3, including project management fee, was HK$70,827 million ("**Original Entrusted Amount**").

The Company is responsible for carrying out or procuring the carrying out of the works specified in the SCL Agreements for a project management fee of HK$7,893 million (the "**Original PMC**") which has been fully received by the Company and recognised in the consolidated statement of profit or loss in previous years.

(b) SCL EA3 Cost Overrun

(i) Cost to Complete

The Company has previously announced that, due to the continuing challenges posed by external factors, including issues such as delays due to the discovery of archaeological relics, the HKSAR Government's requests for additional scope and late or incomplete handover of construction sites, the Original Entrusted Amount under SCL EA3 would not be sufficient to cover the total estimated cost to complete ("**CTC**") and would need to be revised upwards significantly. After carrying out detailed reviews of the estimated CTC for the main construction works, on 10 February 2020, the Company submitted a revised estimated total CTC of HK$82,999 million ("**2020 CTC Estimate**"), including additional project management fee payable to the Company of HK$1,371 million ("**Additional PMC**"), being the additional cost to the Company of carrying out its remaining project management responsibilities under the SCL EA3, as detailed in note 10B(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 10B(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.

(ii) Provision for Additional PMC

As detailed in note 10B(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 six months ended 30 June 2024, the provision utilised amounted to HK$59 million (2023: HK$93 million) and no provision was written back (2023: HK$nil). As at 30 June 2024, the provision of HK$248 million (31 December 2023: HK$307 million), net of amount utilised, is included in "Creditors, other payables and provisions" in the consolidated statement of financial position.

This amount does not take into account any potential payment to the Company of any Additional PMC (whether as a result of an award, settlement or otherwise). Accordingly, if any such potential payment becomes virtually certain, the amount of any such payment will be recognised and credited to the Company's consolidated statement of profit or loss in that financial period.

(c) Hung Hom Incidents

As stated in the Company's announcement dated 18 July 2019, there were allegations in 2018 concerning workmanship in relation to the Hung Hom Station extension ("**First Hung Hom Incident**"). The Company took immediate steps to investigate the issues, report the Company's findings to the HKSAR Government and reserve the Company's position against relevant contractors.

In late 2018 and early 2019, the Company advised the HKSAR Government of an insufficiency of construction records and certain construction issues at the Hung Hom North Approach Tunnel ("**NAT**"), the South Approach Tunnel ("**SAT**") and the Hung Hom Stabling Sidings ("**HHS**"), forming an addition to the First Hung Hom Incident ("**Second Hung Hom Incident**").

*(i) Commission of Inquiry ("**COI**")*

On 10 July 2018, the COI was set up by the HKSAR Chief Executive in Council pursuant to the Commissions of Inquiry Ordinance (Chapter 86 of the Laws of Hong Kong). On 29 January 2019, the HKSAR Government made its closing submission to the first phase of the COI in which it stated its view that the Company ought to have provided the required skills and care reasonably expected of a professional and competent project manager but that the Company had failed to do so.

On 26 March 2019, the HKSAR Government published the redacted interim report of the COI in which the COI found that although the Hung Hom Station extension diaphragm wall and platform slab construction works are safe, they were not executed in accordance with the relevant contract in material aspects.

On 18 July 2019, the Company submitted to the HKSAR Government two separate final reports, one in respect of the First Hung Hom Incident and one in respect of the Second Hung Hom Incident, containing, inter alia, proposals for suitable measures required at certain locations to achieve code compliance. These suitable measures have been implemented.

On 22 January 2020, the HKSAR Government reiterated, in its closing submissions to the COI, that there was failure on the part of both the Company and the contractor Leighton Contractors Asia Limited to perform the obligations which the two parties undertook for the SCL project and that the Company, which was entrusted by the HKSAR Government as the project manager of the SCL project, ought to have provided the requisite degree of skill and care reasonably expected of a professional and competent project manager.

On 12 May 2020, the HKSAR Government published the final report of the COI in which the COI determined that it is fully satisfied that, with the suitable measures in place, the station box, NAT, SAT and HHS structures will be safe and also fit for purpose. The suitable measures for these structures were completed in 2020. The COI also made a number of comments on the construction process (including regarding failures in respect thereof such as unacceptable incidents of poor workmanship compounded by lax supervision and that in a number of respects also, management of the construction endeavour fell below the standards of reasonable competence) and made recommendations to the Company for the future.

(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 10B(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 six months ended 30 June 2024, the provision utilised amounted to HK$1 million (2023: HK$24 million) and no provision was written back (2023: HK$nil). As at 30 June 2024, the provision of HK$761 million (31 December 2023: HK$762 million), net of amount utilised, is included in "Creditors, other payables and provisions" in the consolidated statement of financial position.

This amount does not take into account any potential recovery from any other party (whether in the circumstances that no overall settlement is reached and / or as a result of an award, settlement or otherwise). Accordingly, if any such potential recovery becomes virtually certain, the amount of any such recovery will be recognised and credited to the Company's consolidated statement of profit or loss in that financial period.

(d) Potential Claims from and Indemnification to the HKSAR Government

The HKSAR Government has the right to claim against the Company if the Company breaches the SCL Agreements (including, if the Company breaches the warranties it gave in respect of its project management services) and, under each SCL Agreement, to be indemnified by the Company in relation to losses incurred by the HKSAR Government as a result of the negligence of the Company in performing its obligations under the relevant SCL Agreement or breach thereof by the Company. Under the SCL EA3, the Company's total aggregate liability to the HKSAR Government arising out of or in connection with the SCL Agreements (other than for death or personal injury) is subject to a cap equal to the fees that the Company receives under the SCL Agreements. In accordance with general principles of law, such cap could not be relied upon if the Company were found to be liable for the fraudulent or other dishonest conduct of its employees or agents, to the extent that the relevant loss had been caused by such fraudulent or other dishonest conduct. Although the HKSAR Government has stated that it reserves all rights to pursue further actions against the Company and related contractors and has made the statements in its closing submission to the COI (as stated in note 10B(c)(i) above), up to the date of the interim financial 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 30 June 2024 other than as stated above, the Company will reassess on an ongoing basis the need to recognise any further provision in the future in light of any further development.

11. DEBTORS AND CREDITORS

A As at 30 June 2024, the Group's debtors and other receivables amounted to HK$13,963 million (31 December 2023: HK$13,756 million), of which debtors accounted for HK$5,720 million (31 December 2023: HK$5,739 million). Receivables in respect of rentals, advertising and telecommunication activities are due from immediately to 60 days. Receivables in respect of income from railway subsidiaries outside of Hong Kong are mainly due within 30 days or in the following month. Receivables relating to consultancy services and entrustment works are due within 30 days. Receivables under interest rate and currency swap agreements are due in accordance with the terms of the agreements. Receivables relating to property development are due in accordance with the terms of the relevant development agreements or sale and purchase agreements. The ageing of debtors by due dates as at 30 June 2024 is analysed as follows:

HK$ million	**At 30 June 2024 (Unaudited)**	At 31 December 2023 (Audited)
Amounts not yet due	**5,084**	5,118
Overdue by within 30 days	**206**	218
Overdue by more than 30 days but within 60 days	**107**	89
Overdue by more than 60 days but within 90 days	**53**	29
Overdue by more than 90 days	**270**	285
Total debtors	**5,720**	5,739
Other receivables and contract assets	**8,243**	8,017
	13,963	13,756

B As at 30 June 2024, creditors, other payables and provisions amounted to HK$76,384 million (31 December 2023: HK$76,682 million), of which creditors and accrued charges amounted to HK$23,008 million (31 December 2023: HK$21,255 million). As at 30 June 2024, the analysis of creditors by due dates is as follows:

HK$ million	**At 30 June 2024 (Unaudited)**	At 31 December 2023 (Audited)
Due within 30 days or on demand	**7,996**	9,191
Due after 30 days but within 60 days	**2,187**	2,188
Due after 60 days but within 90 days	**979**	951
Due after 90 days	**5,294**	4,460
	16,456	16,790
Rental and other refundable deposits	**2,668**	2,498
Accrued employee benefits	**2,475**	1,967
Dividend payable to other shareholders	**1,409**	-
Total creditors and accrued charges	**23,008**	21,255
Other payables, deferred income and provisions	**50,116**	52,303
Contract liabilities	**3,260**	3,124
	76,384	76,682

12. PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2024, the Company redeemed its RMB1.0 billion (HK$1.2 billion) and RMB250 million (HK$299 million) bonds at par on 24 March 2024 and 25 March 2024 respectively. The bonds were listed on The Stock Exchange of Hong Kong Limited 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 six months ended 30 June 2024. However, the Trustee of the Executive Share Incentive Scheme, pursuant to the terms of the rules and the trust deed of the Executive Share Incentive Scheme, purchased on the Hong Kong Stock Exchange a total of 7,454,157 Ordinary Shares of the Company for a total consideration of approximately HK$207 million during the six months ended 30 June 2024.

13. CHARGE ON GROUP ASSETS

As at 30 June 2024, MTR Corporation (Shenzhen) Limited, a wholly-owned subsidiary of the Company in Mainland China, 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 RMB659 million (HK$710 million) bank loan facility granted to it.

As at 30 June 2024, MTR CREC Metro (Shenzhen) Company Limited, a subsidiary of the Company in Mainland China, has pledged the fare and non-fare revenue in relation to Phase 1 of Shenzhen Metro Line 13 as security for the RMB3.2 billion (HK$3.4 billion) bank loan facility granted to it.

Saved as disclosed above, none of the other assets of the Group was charged or subject to any encumbrance as at 30 June 2024.

14. CORPORATE GOVERNANCE

During the six months ended 30 June 2024, the Company has complied with the code provisions set out in Appendix C1 (Corporate Governance Code) to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

15. PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the Company's website at www.mtr.com.hk and the website of the Stock Exchange of Hong Kong Limited ("the Stock Exchange"). The Interim Report will also be available at the Company's and the Stock Exchange's websites and will be despatched to shareholders of the Company in mid-September 2024.

KEY STATISTICS AND FINANCIAL

	Six months ended 30 June 2024	2023
Hong Kong transport operations		
Total passenger boardings (in millions)		
- Domestic Service	**787.5**	777.2
- Cross-boundary Service	**46.5**	28.1
- High Speed Rail	**12.7**	7.6⁎
- Airport Express	**6.2**	4.6
- Light Rail and Bus	**104.5**	102.6
Average number of passengers (in thousands)		
- Domestic Service (weekday)	**4,651.1**	4,599.1
- Cross-boundary Service (daily)	**255.5**	155.1
- High Speed Rail (daily)	**69.7**	45.6⁎
- Airport Express (daily)	**34.4**	25.2
- Light Rail and Bus (weekday)	**608.3**	596.4
Financial		
EBITDA margin^		
- Including Mainland China and international subsidiaries	**31.1%**	26.3%
- Excluding Mainland China and international subsidiaries $^{\delta}$	**49.9%**	46.4%
EBIT margin*		
- Including Mainland China and international subsidiaries	**16.3%**	11.4%
- Excluding Mainland China and international subsidiaries $^{\varphi}$	**25.5%**	19.8%
Profit attributable to shareholders of the Company arising from Hong Kong property development (HK$'million)	**1,722**	712
Profit attributable to shareholders of the Company arising from underlying businesses (HK$'million)	**5,764**	3,152

⁎ High Speed Rail service resumed on 15 January 2023. The number of passengers only counts the day from 15 January 2023 to 30 June 2023

^ Operating profit before Hong Kong property development, fair value measurement of investment properties, depreciation, amortisation and variable annual payment as a percentage of total revenue

$^{\delta}$ Excluding the relevant revenue and expenses of Mainland China and international subsidiaries of HK$12,429 million and HK$11,722 million (2023: HK$13,079 million and HK$12,556 million) respectively

* Profit before interest, finance charges and taxation (excluding Hong Kong property development profit from share of surplus, income and interest in unsold properties, gain from fair value measurement of investment properties and share of profit of associates and joint ventures) as a percentage of total revenue

$^{\varphi}$ Excluding the relevant revenue, expenses, and depreciation and amortisation of Mainland China and international subsidiaries of HK$12,429 million, HK$11,722 million, and HK$223 million (2023: HK$13,079 million, HK$12,556 million, and HK$242 million) respectively

CEO'S REVIEW AND OUTLOOK

It is my pleasure to report on MTR Corporation Limited's activities and performance over the first six months of 2024, our 45th year since the first commencement of metro service.

Since 1979, the Company and its railways have become deeply and inextricably linked with Hong Kong. We have grown alongside the city's vibrant communities and people and helped contribute to the success story of one of the world's most important financial and trade centres. Now, with the post-pandemic recovery underway, we are actively engaged in crafting the next chapter ahead. The coming years will see the construction of several new railway projects that are designed to connect communities, bring new populations within reach of our safe and reliable services, and forge closer ties with our neighbours in the Greater Bay Area. We are excited to be participating in this critical phase of Hong Kong's growth.

The operating environment we find ourselves in is a challenging one. While our recurrent business revenue is recovering, our operations in and outside of Hong Kong still face uncertainties in terms of macroeconomics, geopolitical risks and consumption trends. In response, we must continue to practise prudent financial management, innovate our business operations for greater efficiency and grow our business streams. Our continued ability to drive revenue growth will help us deliver not only shareholder value, but also the first-rate transportation networks needed to facilitate our city's sustainable, long-term growth.

During the period under review, Domestic Service patronage continued to recover while Hong Kong and Mainland Chinese passengers increased their travel frequency on both our Cross-boundary and High Speed Rail ("HSR") services. Our property rental businesses have benefitted from the opening of our two newest malls. Meanwhile, we ramped up work for the new railway infrastructure projects that will help lay the groundwork for Hong Kong's future development.

This year, MTR is proudly commemorating 45 years of service in Hong Kong with a series of celebratory events. We are particularly delighted to be hosting the "Station Rail Voyage" exhibition at Hung Hom Station, sharing a retrospective of the history of MTR and railway travel in Hong Kong with the community.

BUSINESS PERFORMANCE AND GROWTH

To maintain its position as a world leader in rail transit, MTR is committed to achieving excellence in service and reliability and seeks to "Go Smart Go Beyond" by introducing innovations and new technologies to its operations, maintenance and customer service. Over the first six months of the year, we once again achieved world-class rates of 99.9% in both train service delivery and passenger journeys on-time for our heavy rail network in Hong Kong. We made strong progress on our HK$1.3 billion Automatic Fare Collection system upgrade, which will provide passengers with greater e-payment choice and convenience. We have also completed train deployment for the Tuen Ma and Island lines under "Smart Train Planning", a cloud-based AI platform codeveloped with Alibaba that optimises train mileage regulation and planning.

In March, we announced that the overall adjustment rate for MTR fares for 2024/2025 is +3.09%, in line with the "Affordability Cap" arrangement that ensures we can continue to offer affordable fares while also generating the funds needed to maintain, upgrade and renew our railway systems for the benefit of the travelling public. Our comprehensive range of concessions, monthly passes and discounts also serves to keep fares as affordable as possible.

As at 30 June 2024, the Company had 14 residential property developments in progress, which will provide approximately 12,000 units to the local housing market in the coming years, and pre-sale activities continued during the period under review. On the commercial side, our lifestyle shopping mall located alongside Wong Chuk Hang Station, THE SOUTHSIDE, had its full-scale soft opening in June 2024, bringing exciting shopping, dining, entertainment and services to the community.

Furthermore, the Company has commenced major construction works for a number of initiatives under Government's Railway Development Strategy 2014 ("RDS 2014") and Northern Metropolis development strategy, including the Tung Chung Line Extension, Kwu Tung Station on the East Rail Line and the Tuen Mun South Extension. These projects will contribute to the sustainable, long-term growth of burgeoning population centres both existing and new. They are being funded by financial contributions from our "Rail plus Property" business model, which drives cost-efficient infrastructure development while also enabling the creation of vibrant, integrated communities built around railway stations. This March, the Chief Executive in Council also authorised the construction of Hung Shui Kiu Station, an intermediate station that will serve the future Hung Shui Kiu/ Ha Tsuen New Development Area in the western part of the Northern Metropolis.

MTR's Mainland China and international businesses represent an important part of the Company's strategic and brand growth. In Australia, we welcomed the extension of our concession for the Melbourne metropolitan rail network to November 2027 and are in the final preparation stage for the opening of the City section of Sydney Metro City & Southwest. For the Elizabeth line in the UK, we are engaged in the competition for the next operating concession. We also continue to progress the Shenzhen Metro Line 13 Phase 1 project, with the initial section planned to commence passenger service within this year. In last year's Annual Report, we reported on our agreements for the early termination of our concessions for Stockholms pendeltåg and Mälartåg, and the operational handovers for both of these services were completed during the review period. The sale of MTRX was also completed in May 2024.

FINANCIAL PERFORMANCE

Profit attributable to equity shareholders from recurrent businesses was HK$4,024 million in the first half of 2024 compared with the HK$2,420 million that was recorded over the comparable period last year. This was mainly due to continued recovery in patronage for Cross-boundary Service, Domestic Service and HSR. The period under review also saw higher profit from property development of HK$1,740 million. As a result, profit from underlying businesses increased by 82.9% to HK$5,764 million. Including the gain arising from fair value measurement of investment properties (a non-cash accounting item) of HK$280 million, net profit attributable to shareholders of the Company increased by 44.7% to HK$6,044 million, representing earnings per share of HK$0.97.

Your Board has declared an interim dividend of HK$0.42 per share, same as the first six months of 2023.

OUTLOOK

MTR strives to provide safe, efficient and environmentally friendly railway services that are affordable and accessible for all – regardless of age, ability or socioeconomic status – while also enhancing shareholder value. These two goals are far from mutually exclusive. In fact, the more we are able to generate returns from our business activities, the more we can invest in the future growth and success of Hong Kong.

Revenue and profit from our recurrent business activities have improved since the pandemic, which bodes well for our future planning and development purposes. Still, we need to proceed cautiously in these transitional times, particularly when the global economy remains volatile due to geopolitical pressures and high interest rates.

In the post-COVID era, the term "new normal" has been used to describe the recent patterns of consumer and traveller behaviour that have emerged since the pandemic. The slowly recovering patronage experienced by our Domestic and Cross-boundary services over the past year and a half has been welcome, as it drives revenue and has a positive knock-on effect for our station retail and Duty Free businesses. However, it will bear watching whether the growth of cross-boundary and overseas travel will translate into patronage for MTR services. Our revenue from station retail, property rental and advertising will also remain dependent to a degree on macroeconomic factors and consumption trends.

The cancellations of certain stamp duties previously imposed on the residential property transactions have somewhat helped the recovery of the property market, but it remains to be seen how the impact of these measures will carry through in the second half of the year and beyond. The property market will also be subject to effects related to the uncertain global economic outlook and interest rate trends. Depending on market conditions, we anticipate the possible tendering of Tung Chung East Station Package 1 potentially within the next 12 months. The year 2030 remains our target for the first intake of residents of the Oyster Bay project. We have applied for pre-sale consent for THE SOUTHSIDE Package 5, LOHAS Park Package 13 and the Yau Tong Ventilation Building. Over the second half of the year – and subject to the progress of construction and sales – we anticipate booking property development profit from THE SOUTHSIDE Package 4 and Package 5, Ho Man Tin Station Package 1 and Package 2, as well as LOHAS Park Package 11.

We are excited about participating in the next stage of Hong Kong's infrastructural and societal development, and we are committed to "Go Beyond Boundaries" to deliver world-class railways that connect communities, foster growth and strengthen cross-boundary economic ties. In addition to the exciting projects we are currently advancing under RDS 2014, we continue to explore other railway initiatives that will contribute to the city's long-term economic outlook. This also includes providing our full support for railway initiatives under Government's "Hong Kong Major Transport Infrastructure Development Blueprint" that was announced late last year.

To overcome the various external challenges we face and ensure that adequate resources are in place to support the next phase of Hong Kong's infrastructural development, we will continue practising prudent financial management while emphasising operational excellence and efficiency through innovation. These cornerstones will enable us to achieve sustainable growth and our resolute mission to Keep Cities Moving.

Our Mainland China and international businesses are an important pillar of the Company's future growth, and we continue as always to seek opportunities that will provide geographic diversification of our revenue streams while promoting the MTR brand to growth markets outside Hong Kong. We are looking forward to the opening of the City section of Sydney Metro City & Southwest. We also continue to progress the Shenzhen Metro Line 13 Phase 1 project and the initial section is planned to commence passenger service within this year.

In closing, I would like to take this opportunity to congratulate our Chairman, Dr Rex Auyeung, for being reappointed by Government to helm our Board. I look forward to working together with him, the Board, our management and our thousands of staff members as we strive to Keep Cities Moving in Hong Kong and around the world.

Dr Jacob Kam Chak-pui
Chief Executive Officer
Hong Kong, 15 August 2024

HONG KONG BUSINESSES

MTR's Hong Kong businesses represent the heart of the Company's activities and a key pillar of its future growth. They include "Hong Kong Transport Services" – rail and bus transport operations along with related commercial activities at stations, such as retail shopping and advertising – plus the development, rental and management of a wide portfolio of railway-linked residential and commercial properties. This "Rail plus Property" business model provides the sustainable funding necessary for MTR to build, operate and maintain world-class railway networks. It also promotes transit-oriented development ("TOD"), which drives the creation of integrated, bustling new communities.

Hong Kong Transport Services – Transport Operations

Highlights

- Patronage and revenue from transport operations continued to recover
- Company maintained world-class 99.9% train service delivery and passenger journeys on-time despite rising patronage and train frequencies
- Efforts to "Go Smart Go Beyond" continued with the adoption of the latest technologies for improved operations, maintenance, customer service and sustainability

HK$ million	**Six months ended 30 June 2024**	2023	Inc./(Dec.) %
Hong Kong Transport Operations			
Total Revenue	**11,138**	9,342	19.2
Operating Profit before Depreciation, Amortisation and Variable Annual Payment ("EBITDA")	**4,059**	2,680	51.5
Profit/(Loss) before Interest, Finance Charges and Taxation and after Variable Annual Payment ("EBIT")	**415**	(774)	n/m
EBITDA Margin (in %)	**36.4%**	28.7%	7.7% pts.
EBIT Margin (in %)	**3.7%**	(8.3)%	n/m

n/m: not meaningful

Revenue from Hong Kong transport operations was HK$11,138 million in the first half of 2024, an increase of 19.2% compared to the same period last year, bringing profit before interest, finance charges and taxation and net of the variable annual payment to Kowloon–Canton Railway Corporation ("KCRC") to HK$415 million. These results were largely due to rising patronage for both Domestic Service and Cross-boundary Service – the latter of which enjoyed a full six months of operations compared to the same period last year, when the service began resuming gradually in January and February – as well as continued strong performance from High Speed Rail ("HSR").

Patronage and Revenue

Hong Kong Transport Operations	Patronage In million Six months ended 30 June 2024	Inc./(Dec.) %	Revenue HK$ million Six months ended 30 June 2024	Inc./(Dec.) %
Domestic Service	**787.5**	1.3	**7,037**	5.3
Cross-boundary Service	**46.5**	65.6	**1,698**	101.7
HSR and Intercity	**12.7**	66.9	**1,622**	38.4
Airport Express	**6.2**	37.1	**391**	39.6
Light Rail and Bus	**104.5**	1.9	**336**	4.0
	957.4	4.1	**11,084**	19.2
Others			**54**	20.0
Total			**11,138**	19.2

Building on the post-pandemic recovery of Domestic Service, Cross-boundary Service and HSR in 2023, patronage continued to recover over the first six months of 2024. During this period, total patronage for all rail and bus services was 957.4 million compared to the 920.1 million recorded in the first half of last year, an increase of 4.1%. Average weekday patronage increased by 3.3% to 5.58 million.

Market Share

The Company's overall market share of the franchised public transport market in Hong Kong was 50.1% in the first five months of 2024 compared with 49.6% over the corresponding period in 2023. This was mainly due to continued recovery in patronage. Of this total, our share of cross-harbour traffic was 72.2% compared with 71.8% in the first five months of 2023.

Our share of the cross-boundary transport business in the first five months of 2024 decreased to 50.7% from 53.5%, mainly due to the increased number of land-based control points after boundaries reopened in early 2023, such as Heung Yuen Wai. Our share of traffic to and from the airport in the first five months of 2024 decreased to 18.3% from 20.1%, mainly due to increasing competition from other modes of transport.

Fare Adjustment, Promotions and Concessions

In March 2024, it was announced that the overall adjustment rate for MTR fares for 2024/2025 would be +3.09%, in line with the "Affordability Cap" arrangement that limits the rate of overall fare adjustment to the change in the Median Monthly Household Income for the corresponding year. The "Affordability Cap" arrangement is designed to balance public affordability with the need to generate steady sources of recurrent revenue to maintain, upgrade and renew railway systems. The remaining +0.11% adjustment rate will be deferred to 2025/2026 and 2026/2027, while the +1.85% from 2023/2024 will be carried forward to 2025/2026. The Company also announced a number of on-going fare concessions in addition to the Fare Adjustment Mechanism to benefit customers from all walks of life, including the elderly, children, eligible students, persons with disabilities and more. MTR will also continue to provide the City Saver and the HK$0.5 interchange discount with Green Minibus while extending the Monthly Passes, Tuen Mun–Nam Cheong Day Pass and Early Bird Discount for another year.

Service Performance

Over the first six months of 2024, MTR continued to deliver world-class rail service and reliability despite rising patronage, achieving a rate of 99.9% in passenger journeys on-time and train service delivery for its heavy rail network. This performance exceeded its Operating Agreement commitment and the Company's own even more demanding Customer Service Pledge.

During this period, MTR ran over 0.91 million train trips on its heavy rail network and more than 0.45 million trips on its light rail network, with just two delays in total on heavy rail and no delays on light rail. Delays are defined as those lasting 31 minutes or more and attributable to factors within MTR's control. Each incident is closely reviewed with the objective of preventing recurrence.

Enhancing the Customer Experience

As part of its efforts to provide safe, reliable and efficient railway services, the Company continued to make improvements to its world-class railway services by optimising its networks and employing the latest technologies and innovations for an even better and smarter customer experience.

In March 2024, responding to growing patronage on the East Rail Line, the Company increased regular train services on weekends and public holidays by adding a total of 76 more train trips each week. In June 2024, the number of Mainland destinations served by the HSR was expanded to 78 to meet rising demand from cross-boundary travellers. Sleeper train services connecting Hong Kong with Beijing and Shanghai were also launched on 15 June to provide an upgraded cross-boundary overnight railway service.

MTR is currently in the midst of a HK$1.3 billion programme to upgrade 2,400 Automatic Fare Collection ("AFC") system entry/ exit ticket gates at stations across Hong Kong. Following the successful launch of VISA card acceptance at select AFC gates in December 2023, more credit cards will be added in the third quarter of 2024.

The Company's train replacement programme, which involves phasing out existing trains and replacing them with newer, more comfortable SACEM Q-train models, continued to progress during the period under review. Thirteen trains are now in service on the Kwun Tong Line. For the Island Line, six trains are now in use, and five more are expected to be ready later this year. Designs for new trains along the Tung Chung Line and Airport Express are in the advanced system engineering management stage. Additionally, new trains and a new signalling system for the Disneyland Resort Line are targeted to be brought into operation in 2028.

The programme to replace the existing SACEM signalling system along the Tsuen Wan, Island, Kwun Tong and Tseung Kwan O lines with a communication-based train control signalling system ("CBTC System") also continued. This programme is central to MTR's efforts to boost carrying capacity, increase passenger convenience and fulfil the Company's long-term operational needs. Service on the Tsuen Wan Line is anticipated to commence around 2025 and 2026, followed by implementation on the Island, Kwun Tong and Tseung Kwan O lines. Overall project completion is expected around 2028 and 2029.

MTR's stage 2 air conditioning enhancement programme to replace 31 existing chillers at various stations with newer, more energy-efficient models is progressing well. The overall programme is designed to provide passengers with even more comfortable station environments while reducing the Company's carbon emissions. Completion is expected in 2025.

MTR's automatic platform gate installation programme along the East Rail Line is a major asset upgrade initiative to enhance the passenger experience. A total of 1,600 gates are being installed across 13 stations between Lo Wu/ Lok Ma Chau and Mong Kok East. As at 30 June 2024, gates had been installed at six of these stations with more to follow in the second half of the year.

Smart Mobility, Operations and Maintenance

MTR always strives to "Go Smart Go Beyond" in its efforts to enhance the passenger journey and improve railway operations. In February 2024, we introduced the "Virtual Service Ambassador" to Kai Tak Station after its successful launch at Quarry Bay Station late last year. AI-enabled and voice-controlled, this virtual assistant responds to passengers' voice enquiries and provides station route guidance in real time. In March, we completed train deployment for the Tuen Ma and Island lines under "Smart Train Planning", a cloud-based AI platform codeveloped with Alibaba that optimises train mileage regulation and planning.

In April 2024, our efforts to develop and apply innovative technologies to build smart railways were recognised at the 49th International Exhibition of Inventions Geneva, where MTR won a total of 21 awards. Award-winning innovations included the “AI Sensors Fusion Technique in Train Bogie Maintenance” project, which utilises AI to collect real-time vibration frequency data of train bogies and predict anomalies for enhanced monitoring and maintenance, and a battery-powered train location and signal light sensor that helps boost the safety and reliability of railway services.

Hong Kong Transport Services – Station Commercial Businesses

Highlights

- First half of year sees increased revenue from station retail and advertising businesses
- All MTR stations now have 5G services

HK$ million	Six months ended 30 June **2024**	2023	Inc./(Dec.) %
Hong Kong Station Commercial Businesses			
Station Retail Rental Revenue	**1,787**	1,640	9.0
Advertising Revenue	**496**	416	19.2
Telecommunication Income	**296**	309	(4.2)
Other Station Commercial Income	**59**	50	18.0
Total Revenue	**2,638**	2,415	9.2
EBITDA	**2,328**	2,160	7.8
EBIT	**1,897**	1,798	5.5
EBITDA Margin (in %)	**88.2%**	89.4%	(1.2)% pts.
EBIT Margin (in %)	**71.9%**	74.5%	(2.6)% pts.

In the first half of 2024, total revenue from all Hong Kong station commercial activities increased by 9.2% year on year to HK$2,638 million. This was mainly the result of improved rental revenue from the station retail business, especially in comparison to the lower base that was set during the first six months of 2023, when cross-boundary stations began reopening in phases early in the year.

Station retail rental revenue over the first six months of 2024 increased by 9.0% to HK$1,787 million. This was primarily due to improved rental income from the Duty Free and station kiosk businesses. As at 30 June 2024, the total number of retail shops in our stations was 1,572, covering 70,665 square metres of station retail area. Rental reversion and average occupancy rates for our station kiosks were -4.8% and 98.4%, respectively.

To attract new brands to MTR Shops, the Company launched a “smart leasing” platform that allows prospective tenants to browse shop environments and vicinities through online VR tours. During the period under review, we also devised and launched a number of marketing initiatives to drive retail traffic to tenant stores – many of which were promoted through the MTR Mobile app – such as the “MTR Shops Stamp Reward” programme and an electronic cash coupon giveaway to boost sales at station shops. We also raised customer awareness of new shop brands through station advertising and joint promotions. As always, we regularly reviewed our tenant mix to ensure that our retail offerings are in line with customer expectations and current trends.

As at 30 June 2024, the lease expiry profile of our station kiosks (including Duty Free shops) by area occupied was such that approximately 14% will expire in the second half of 2024, 33% in 2025, 27% in 2026, and 26% in 2027 and beyond.

In terms of trade mix, food and beverage accounted for approximately 42% of the leased area of our station kiosks (excluding Duty Free shops), followed by cake shops at 12%, convenience stores at 11%, passenger services at 12% and others at 23% as at 30 June 2024.

Revenue from advertising increased by 19.2% to HK$496 million in the first half of 2024. This was mainly due to higher cross-boundary traffic – driven in part by Government's efforts to promote tourism and mega events as well as the expanded number of Mainland Chinese cities now eligible for individual travel – which in turn led to increased spending by advertisers in cross-boundary stations and Airport Express.

As at 30 June 2024, the total number of advertising units in stations and trains was 42,821. The Company continues to prioritise adding innovative new digital media to its advertising offerings. During the review period, we installed two digital pillar zones, at Diamond Hill and Kowloon Tong stations, and extended the 98″ digital portrait network to the Island Line, including 24 digital panels at 16 stations.

Revenue from our telecommunications business over the first six months of 2024 decreased by 4.2% to HK$296 million. Passengers may enjoy 5G services in all MTR stations throughout our network. We are currently developing a new commercial system at 24 stations that can support 5G services and provide faster data throughput. We also continue to operate our data centre business in Tseung Kwan O and explore other data centre opportunities.

Property Businesses

Highlights

- Property development profit recognition from SOUTHLAND and La Marina (THE SOUTHSIDE Package 1 and Package 2) as well as Villa Garda (LOHAS Park Package 11)
- Full-scale soft opening of THE SOUTHSIDE shopping mall alongside Wong Chuk Hang Station

Property Rental and Management

HK$ million	**Six months ended 30 June 2024**	2023	Inc./(Dec.) %
Hong Kong Property Rental and Property Management Businesses			
Revenue from Property Rental	**2,545**	2,324	9.5
Revenue from Property Management	**143**	132	8.3
Total Revenue	**2,688**	2,456	9.4
EBITDA	**2,163**	1,998	8.3
EBIT	**2,154**	1,990	8.2
EBITDA Margin (in %)	**80.5%**	81.4%	(0.9)% pt.
EBIT Margin (in %)	**80.1%**	81.0%	(0.9)% pt.

Property rental revenue increased by 9.5% to HK$2,545 million in the first half of 2024, which was mainly due to additional contributions from the Company's two new shopping malls, The Wai and THE SOUTHSIDE, following their openings in the second half of 2023, and lower amortisation of rental concessions charged to the statement of profit or loss. MTR shopping malls in Hong Kong recorded a rental reversion of -5.7% and an average occupancy rate of 99%. The Company's 18 floors in Two International Finance Centre were 92% let on average.

Changing consumption patterns post-pandemic continued to affect the retail market to varying degrees in the first half of 2024 as shoppers typically spent less time and money in malls, although MTR Malls continued to benefit from weekday spending as most are located in residential areas.

We continued to launch promotional activities throughout the review period in an effort to attract shoppers, which included distributing coupons in celebration of the HKSAR's anniversary on 1 July.

In June 2024, we celebrated the full-scale soft opening of THE SOUTHSIDE, our new lifestyle mall located alongside Wong Chuk Hang Station. The mall is seamlessly connected to Wong Chuk Hang Station and now features 130 shops over five retail floors and a total floor area of nearly 510,000 square feet.

As at 30 June 2024, our attributable share of investment properties in Hong Kong was 315,870 square metres of lettable floor area of retail properties, 39,451 square metres of lettable floor area of office space and 19,206 square metres of property for other use.

As at 30 June 2024, the lease expiry profile of our shopping malls by area occupied was such that approximately 11% will expire in the second half of 2024, 25% in 2025, 33% in 2026, and 31% in 2027 and beyond.

In terms of trade mix, food and beverage accounted for approximately 31% of the leased area of our shopping malls, followed by fashion, beauty and accessories at 21%, services at 20%, leisure and entertainment at 18%, and department stores and supermarkets at 10% as at 30 June 2024.

Property management revenue in Hong Kong increased by 8.3% to HK$143 million over the first six months of the year, which was mainly due to incremental income from new intake of managed units. As at 30 June 2024, MTR managed more than 122,000 residential units and over 920,000 square metres of commercial and office space.

Property Development and Tendering

Hong Kong property development profit (post-tax) for the first half of 2024 was HK$1,722 million, which was mainly due to profit recognition from SOUTHLAND and La Marina (THE SOUTHSIDE Package 1 and Package 2) as well as Villa Garda (LOHAS Park Package 11).

Pre-sales and sale activities continued during the first half of 2024. In general, some residential property buyers benefitted from Government initiatives in February 2024 to remove various stamp duties for residential properties.

For THE SOUTHSIDE packages, SOUTHLAND (Package 1) and La Marina (Package 2) were 90% and 96% sold respectively as at 30 June 2024. Pre-sales continued for La Montagne (Package 4 Phase 4A) with 13% of units sold. Pre-sales for Blue Coast (Package 3 Phase 3B) were launched in April 2024 with 88% of units sold as at 30 June 2024.

For LOHAS Park packages, pre-sales continued for Villa Garda I, II and III (Package 11), and 79%, 24% and 34% of units were sold as at 30 June 2024, respectively. Pre-sales were launched for SEASONS PLACE (Package 12A) and PARK SEASONS (Package 12B) in March and April 2024, respectively, and 90% and 28% of units were sold as at 30 June 2024.

For Ho Man Tin Station packages, pre-sales continued for IN ONE (Package 2) Phases IA, IB and IC, which were 22%, 98% and 86% sold, respectively, as at the end of the reporting period. Pre-sales for ONMANTIN (Package 1) were launched in April 2024 with 61% of units sold as at 30 June 2024.

Pre-sales continued for YOHO WEST (Tin Wing Stop Phase 1), with 87% of units sold as at 30 June 2024. Applications for presale consent for THE SOUTHSIDE Package 5, LOHAS Park Package 13 and the Yau Tong Ventilation Building are in progress.

For West Rail properties, where we act as agent for relevant subsidiaries of KCRC, sales activities continued for the Cullinan West Development (Nam Cheong Station). As at 30 June 2024, The YOHO Hub (Yuen Long Station Phase 1) was 43% sold. Sales of The YOHO Hub II (Yuen Long Station Phase 2) were launched in May 2024, with 45% of units sold. Pre-sales for GRAND MAYFAIR

I and II (Kam Sheung Road Station Package 1) continued, with 99% and 82% of units sold as at 30 June 2024, respectively.

We continue to monitor market conditions closely and conduct regular reviews of our property tendering programme. Depending on market conditions, we anticipate the possible tendering of Tung Chung East Station Package 1 potentially within the next 12 months. For the Oyster Bay project, advance works are progressing, and the year 2030 remains our target for intake of the first batch of residents.

GROWING OUR HONG KONG BUSINESSES

Highlights

- MTR progressing several projects central to Government's major infrastructure network development strategies
- As at 30 June 2024, the Company had 14 residential property projects that will deliver about 12,000 units to the housing market

As part of its mission to support the development of Hong Kong, MTR strives to "Go Beyond Boundaries" by working with Government on new projects that are designed not only to connect communities with safe, reliable, accessible and environmentally friendly mass transit, but also to stimulate economic growth and opportunity. During the period under review, the Company continued to progress several new projects that are launching the next phase of Hong Kong's railway infrastructure development, including initiatives under Government's Railway Development Strategy 2014 ("RDS 2014") and Northern Metropolis development strategy.

Building Hong Kong's Future Railway Network

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, an RDS 2014 project that will serve new town extension in the Tung Chung East and Tung Chung West and existing population in the latter area, enhance connectivity in Lantau North, and support sustainable, long-term population and economic growth in all these areas. It is being funded by the financial contribution from the "Rail plus Property" development model and the Company's internal resources. Major works this year include turnout installation and track diversion for Tung Chung East Station as well as tunnel boring preparation works for Tung Chung West Station. The Tung Chung Line Extension is expected to be completed in 2029.

Tuen Mun South Extension

In September 2023, MTR signed the project agreement with Government for the financing, design, construction, operation and maintenance of the Tuen Mun South Extension. This project involves extending the Tuen Ma Line southward by approximately 2.4 km from Tuen Mun Station by way of a viaduct as well as building two new stations, including an intermediate station at Area 16 and a new terminal station at Tuen Mun South near the Tuen Mun Ferry Terminal. During the review period, we primarily carried out piling, foundation and preparation works along the alignment. The overall project, which is also being funded by financial contributions from the "Rail plus Property" development model and the Company's internal resources, is expected to be completed in 2030.

Kwu Tung Station on the East Rail Line

In September 2023, the Company also signed the project agreement with Government for the financing, design, construction, operation and maintenance of Kwu Tung Station on the East Rail Line, a new station that will be situated in the town centre of the future Kwu Tung North New Development Area between Lok Ma Chau and Sheung Shui stations on the East Rail Line. Construction began that same month, and we are now moving ahead at full steam on the bulk excavation to remove the soil above the existing tunnel structure for station construction to take place. The new station is expected to be completed in 2027. This project is also being funded by financial contributions from the "Rail plus Property" development model and the Company's internal resources.

Oyster Bay Station
Meanwhile, we are also carrying out cable diversion and piling works for Oyster Bay Station, a project located at Siu Ho Wan between Sunny Bay and Tung Chung stations that is designed to enhance connectivity in Lantau North and cater to the future population of Oyster Bay. Construction is targeted for completion in 2030.

Other New Railway Projects
A number of other important RDS 2014 projects are at various stages of advancement. In March 2024, the Chief Executive in Council authorised the construction of Hung Shui Kiu Station under the Railways Ordinance. Hung Shui Kiu Station is 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. We started the removal of parapet walls of the section of viaduct this year in preparation for commencement of main works and station construction. The station is expected to be completed in 2030. The scheme for the Northern Link Main Line was gazetted under the Railways Ordinance in October 2023. We are now fulfilling pre-construction statutory procedures with a target of project completion in 2034. It is important to note that the Company is still in various stages of discussion with Government and has yet to enter into project agreements for the Hung Shui Kiu Station and Northern Link projects. Government has announced its intention to proceed with MTR on these projects using the ownership approach. Different funding models, including the "Rail plus Property" development model, may be deployed to ensure commercial returns on the Company's investments. We will also continue to provide full support to Government as required for the development of the South Island Line (West) and Northern Link Spur Line.

MTR is also providing support for the railway initiatives under the "Hong Kong Major Transport Infrastructure Development Blueprint" ("the Blueprint") announced by the Chief Executive last year. The Blueprint includes the Central Rail Link, Tseung Kwan O Line Southern Extension and Hong Kong–Shenzhen Western Rail Link as well as two additional new railway projects, the Northern Link Eastern Extension and Northeast New Territories Line. The Company continues to carry out a study on the proposed new Pak Shek Kok Station on the East Rail Line. We are also closely monitoring the progress of smart and green mass transit projects in areas such as East Kowloon, Kai Tak, Hung Shui Kiu and Ha Tsuen.

Expanding the Property Portfolio
As at 30 June 2024, the Company had 14 residential property projects that will deliver approximately 12,000 units to the housing market in the coming years. We also continue to study the development potential of other areas along our existing and future railway lines. At the invitation of Government, we submitted study reports on the development potential of the proposed Pak Shek Kok Station in the first half of 2024. Also at Government's invitation, we are studying the opportunity to re-plan and develop the land at Hung Hom Station and the railway facilities in its vicinity.

MAINLAND CHINA AND INTERNATIONAL BUSINESSES

Highlights

- Continued to progress the Shenzhen Metro Line 13 Phase 1 project; the initial section is planned to commence passenger service within this year
- Concession for Melbourne metropolitan rail network extended to November 2027

The Company's Mainland China and international businesses enable it to export the Hong Kong stories and MTR brand globally while also providing opportunities for growth outside its home market of Hong Kong. It is a core pillar of MTR's Corporate Strategy for future growth. In the first half of 2024, MTR, its subsidiaries, associates and joint ventures provided world-class railway transit services to approximately 1.2 billion passengers in Mainland China, Macao, Europe and Australia.

Six months ended 30 June HK$' million	Mainland China and International Businesses: Mainland China and Macao Railway, Property Rental and Property Management Businesses 2024	2023	Inc./(Dec.) %	International Railway Businesses 2024	2023	Inc./(Dec.) %	Total 2024	2023	Inc./(Dec.) %
Recurrent Businesses									
Subsidiaries									
Revenue	**937**	863	8.6	**11,492**	12,216	(5.9)	**12,429**	13,079	(5.0)
EBITDA	**14**	152	(90.8)	**695**	380	82.9	**709**	532	33.3
EBIT	**(114)**	22	n/m	**600**	268	123.9	**486**	290	67.6
EBITDA Margin (in %)	**1.5%**	17.6%	(16.1)% pts.	**6.0%**	3.1%	2.9% pts.	**5.7%**	4.1%	1.6% pts.
EBIT Margin (in %)	**(12.2)%**	2.5%	n/m	**5.2%**	2.2%	3.0% pts.	**3.9%**	2.2%	1.7% pts.
Recurrent Business (Loss)/ Profit (Net of Non-controlling Interests)	**(132)**	**(9)**	**n/m**	**368**	**(32)**	**n/m**	**236**	**(41)**	**n/m**
Associates and Joint Ventures									
Share of Profit	**401**	**335**	**19.7**	**47**	**27**	**74.1**	**448**	**362**	**23.8**
Total Recurrent Business Profit/ (Loss) (before Business Development Expenses)	**269**	**326**	**(17.5)**	**415**	**(5)**	**n/m**	**684**	**321**	**113.1**
Profit Attributable to Shareholders of the Company for the Period									
- Arising from Recurrent Businesses (before Business Development Expenses)							**684**	**321**	**113.1**
- Business Development Expenses							(142)	(128)	(10.9)
- Arising from Recurrent Businesses (after Business Development Expenses)							**542**	**193**	**180.8**
- Arising from Mainland China Property Development							18	20	(10.0)
- Arising from Underlying Businesses							**560**	**213**	**162.9**

n/m: not meaningful

Excluding Mainland China property development, our railway, property rental and management subsidiaries (after business development expenses), together with our associates and joint ventures outside of Hong Kong, contributed a net after-tax profit of HK$542 million in the first half of 2024 on an attributable basis compared with the net after-tax profit of HK$193 million that was recorded during the first six months of last year.

In Mainland China and Macao, recurrent business loss from railway, property rental and property management subsidiaries was HK$132 million in the first half of 2024. This was mainly due to the loss arising from the disposal of the Ginza Mall operations in May 2024 as well as a lower contribution from Shenzhen Metro Line 4 (“SZL4”).

In our international businesses, recurrent business profit from our railway subsidiaries was HK$368 million in the first half of 2024. The improvement was mainly because of a reduction in losses recognised for Stockholms pendeltåg and Mälartåg in the first half of 2024, as special loss provisions were recognised in the second half of 2023 in relation to the early termination of these services’ concessions in March and June 2024, respectively.

Our share of profits from our Mainland China and international businesses associates and joint ventures increased to HK$448 million from the HK$362 million recorded in the first half of 2023. This was primarily due to improved performances in Mainland China.

Railway Businesses in Mainland China

Beijing

In Beijing, our associate operates Beijing Metro Line 4, the Daxing Line, Beijing Metro Line 14, Beijing Metro Line 16 (“BJL16”), and the Southern and Northern sections of Beijing Metro Line 17 (“BJL17”). All lines delivered 99.9% on-time performance in the first half of the year with a gradual increase in patronage. More commuters in the city are now enjoying enhanced connectivity following the smooth openings of the full BJL16 and Northern section of BJL17 in late 2023.

Shenzhen
SZL4, including the SZL4 North Extension, is operated by our wholly owned subsidiary. The line maintained stable operations during the first half of the year with on-time performance of 99.9% and a gradual increase in patronage. Construction of Shenzhen Metro Line 13 Phase 1 continued to progress as planned, and the initial section is planned to commence passenger service within this year.

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

Hangzhou
In Hangzhou, Hangzhou Metro Line 1 ("HZL1"), the Xiasha Extension and Airport Extension, and Hangzhou Metro Line 5 are operated by our associate and joint venture. They all achieved stable operations over the first six months of 2024 with on-time performance of 99.9% and a gradual increase in patronage.

As we have previously reported, HZL1 has been suffering from losses for many of the past several years due to slow growth in patronage 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.

Property and Other Businesses in Mainland China
MTR is also involved in the development of commercial and residential properties as well as station commercial business in Mainland China.

As previously reported, the Company is studying possible strategic options for its malls in Mainland China, in light of the challenging retail property market conditions. In consequence of this process, in May 2024 the Company exited its Ginza Mall business in Beijing. The Company will continue to evaluate appropriate options for TIA Mall in Shenzhen, as well as for the shopping mall at Tianjin Beiyunhe Station. Construction of the shopping mall at Tianjin Beiyunhe Station is targeted for completion in 2024.

Elsewhere, we continued to progress the TOD project at Hangzhou West Station. We are also providing TOD consultancy services for the Xili Comprehensive Transportation Hub in Shenzhen as well as the Beijing Sub-Centre Station in the Tongzhou area of Beijing. Our station commercial business in Chengdu under our joint venture with Chengdu Rail Transit Group is progressing. We are also exploring station commercial business opportunities in other cities in Mainland China.

Macao
MTR operates and maintains Macao's first rapid transit system, the Macao Light Rapid Transit Taipa Line. This service contract for operations and maintenance will end in December 2024. The majority of operations, maintenance works and associated staff were transferred to Macao Light Rapid Transit Corporation, Limited in the first half of 2024. MTR is also providing project management and technical support services for the Taipa Line Extension to Barra, the Seac Pai Van Line and Hengqin Line.

Europe
United Kingdom
During the first half of the year, the Elizabeth line achieved stable operations. The existing concession of the Elizabeth line will run until May 2025 and we are engaged in the competition for the next operating concession.

The existing National Rail Contract for the South Western Railway will end in May 2025. Under the current contract, the Department for Transport retains all revenue risk and substantially all cost risk for this service. South Western Railway achieved stable operations during the first half of the year despite occasional service interruptions resulting from an industry-wide strike action. The new UK Government has announced its intention to bring rail services back into public ownership. The South Western Railway operations could therefore be returned to the government upon expiry of the current contract.

Sweden
Stockholm Metro (Stockholms tunnelbana) achieved stable operations during the period under review, and the current contract for this service will end in 2025.

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

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

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

Australia
The Melbourne metropolitan rail network achieved stable operations during the period under review. Our concession for this service has been further extended to November 2027. We continue to support our client, the Victoria State Government, on various network improvement initiatives, including the opening of a 9-km Metro Tunnel. The new Metro Tunnel will provide a new railway connection through Melbourne's central business district and boost capacity by more than half a million passengers a week. The tunnel is scheduled to open in 2025.

The Sydney Metro North West Line achieved 99% service reliability and 98% customer satisfaction on average. We are in the final preparation stage for the opening of the City section of Sydney Metro City and Southwest. After the opening of the City section, the addition of eight new stations to the expanded network means patronage is expected to more than double at peak times.

Growth Outside of Hong Kong
We continue to explore other growth opportunities in Mainland China and overseas, including the Middle East and other Belt and Road countries.

OTHER BUSINESSES
Ngong Ping 360
Revenue from Ngong Ping 360 increased by 63.7% to HK$239 million in the first half of 2024 as visitation rose to 0.77 million. These results were largely due to continued recovery in tourism as well as a series of successful marketing campaigns designed to drive up patronage and spending at the attraction, including seasonal promotions and partnerships with popular IP characters.

Octopus
Our share of profit from Octopus Holdings Limited decreased by 16.7% to HK$225 million in the first half of the year, which was mainly resulted from the challenging economic environment and retail performance with the increasing trend of northbound spending. As at 30 June 2024, more than 100,000 service providers in Hong Kong accepted Octopus payments. Total cards and other stored-value Octopus products in circulation were around 30 million.

MTR Academy
The MTR Academy ("MTRA") provides expert railway management and engineering programmes to further careers and build a pipeline of talent to support the future growth of the industry. During the period under review, MTRA continued its outreach efforts to secondary schools to introduce the railway industry and related career opportunities to interested students. MTRA also collaborates with institutions on launching programmes in railway transport for Belt and Road countries to facilitate exchange.

MTR Lab

MTR Lab was established by MTR to support the Company's "New Growth Engine" strategic pillar. As at 30 June 2024, a total of over HK$250 million had been committed towards investments in various innovation and technology funds and start-up companies, both in and outside of Hong Kong. In February 2024, Carbon Wallet, MTR Lab's green rewards platform, became the first point conversion partner of the Environmental Protection Department's GREEN$ Electronic Participation Incentive Scheme. As at 30 June 2024, Carbon Wallet had over 160,000 app downloads and had collaborated with more than 70 partners to build a green ecosystem. Urban Access Solutions Company Limited, another subsidiary under MTR Lab and an access control and electric vehicle charging platform company, collaborated with business partners to develop and roll out new electric vehicle charging services in July 2024.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

As a caring corporate member of the community, MTR strives to deliver high Environmental, Social and Governance ("ESG") standards throughout its operations. For 2024, the Company has set 43 ESG-related key performance indicators ("KPIs") to gauge its effectiveness in delivering on 10 focus areas across three environmental and social objectives: Greenhouse Gas ("GHG") Emissions Reduction, Social Inclusion, and Advancement & Opportunities.

Environmental Aspects

In March, we proudly organised the "Green T Baby Fun Day" community event to promote low-carbon lifestyle habits. It was led by MTR's green ambassador, Green T Baby, and also featured an interactive "Green Experience Zone" as well as "Go Green" booth games for families to enjoy. More than 8,000 people participated in the event. In June, we put our first electric bus into passenger service; a total of 35 buses are expected to be purchased as part of our programme to upgrade existing buses with more environmentally friendly vehicles and further reduce the Company's carbon emissions. During the review period, we also expanded our renewable energy programme by completing solar photovoltaic system installations at Kwun Tong Station, Tuen Mun Depot and Tai Wai Depot.

Social Aspects

As one of the world's leading providers of public transport, MTR works diligently to ensure that its services are safe and accessible for passengers of all ages and abilities. We are also committed to championing diversity, equity and inclusion in our workforce, among our business partners and throughout the community by designing social initiatives that provide educational and career opportunities as well as arts appreciation.

In early 2024, over 1,000 students participated in training provided under the "'Train' for Life's Journeys 2.0" programme, developing innovative solutions and proposals for a variety of social inclusion topics during the "Social Innovation Challenge" held in April and May. In June, we launched the "EmpowerZ" Traineeship Pilot Programme for 10 trainees from ethnically diverse background or those with disabilities, providing job opportunity, tailored training and mentorship.

In the first half of the year, we also continued to host art exhibitions and performances across our network for the enjoyment of the public. Highlights included the restoration of a 5m-long ink inscription by the "King of Kowloon", Mr Tsang Tsou-choi, located on a bridge barrier near Mong Kok East Station, and a series of performances at Hong Kong Station's "Living Art Stage".

Governance

MTR is committed to attaining the highest levels of corporate governance to safeguard the best interests of its shareholders and stakeholders, ensure ethical conduct, and deliver transparency across its operations.

Our enterprise risk management framework covers a broad range of areas and activities to ensure that, inter alia, we protect the safety and health of the general public and staff and deliver on our business while managing the emerging strategic, operational, financial, compliance and reputational risks to which we are subject. This framework also includes preparedness and mitigation measures to enhance resilience and ensure business continuity. We regularly review our top risks, including emerging and ESG-related risks, to take account of constantly evolving business and operating environments. Our "three lines of defence" framework also helps us ensure proactive and effective management of risk. During the period under review, we revised the Enterprise Risk Management manual to include leading best practices and also conducted workshops on specific risk areas to improve our executive risk reporting and oversight.

Safety
As always, we prioritised making our railway operations as safe as reasonably practicable for the benefit of commuters and staff. As at 30 June 2024, the number of reportable events on our heavy rail and light rail networks had decreased by 19% and 9%, respectively, compared to the same period in 2023. As many of these incidents related to escalators, we launched numerous initiatives promoting escalator safety to the public, particularly youth and the elderly. We also continued to raise public awareness in general railway safety by organising various outreach initiatives, including the "Elderly Ambassadors" programme, elderly talks, the "Exploring the MTR" School Talk Programme and "MTR Budding Station Master" programme.

HUMAN RESOURCES
As at 30 June 2024, MTR and its subsidiaries employed 17,905 people in Hong Kong and 13,370 people outside of Hong Kong. Our associates and joint ventures employed an additional 21,390 people in Hong Kong and worldwide. The voluntary staff turnover rate in Hong Kong MTR was 7.0% over the first six months of the year.

MTR is dedicated to attracting and retaining staff, especially in a competitive market. Participation in the CareerConnect Expo and Global Talent Summit helped the Company connect with top-notch talent worldwide. Recruitment efforts were specifically focused on engaging ethnic minorities by highlighting our inclusive workplace culture and career growth opportunities, participating in multicultural job fairs, and organising a recruitment event at the Kowloon Masjid (Mosque) & Islamic Centre. Job shadowing programmes with secondary schools also reflected our dedication to nurturing young talent.

We offer competitive pay and benefits, short- and long-term incentive schemes under our total reward framework, and a broad range of career development opportunities. We invest significantly in staff training, development and career advancement – providing an average of 4.1 training days per employee in Hong Kong over the first six months of the year – and promote work-life balance through a variety of well-being initiatives and family-friendly policies. We support our long-term business growth and succession planning while creating opportunities for youth by continuing to offer programmes in general management and functional professional streams for high-potential graduates as well as apprenticeship and internship recruitment initiatives. We also launched the conditional offer arrangement for Graduate Development Programmes for our eligible summer interns this year.

MTR adopts an employee engagement strategy focused on mutual respect and continuous dialogue to address colleagues' needs and feedback and enhance the employee experience. In the first quarter of 2024, we communicated the results, analyses and insights from our 2023 Employee Engagement Survey to all the staff. The results indicated a notable improvement from the previous survey. Ten follow-up action planning taskforces have been formed at the Corporate and Business Unit/ Function levels to design and execute action plans for addressing identified focus areas in the coming 18 months.

THE FIRST HALF IN REVIEW – FINANCIAL PERFORMANCE

A review of the Group's results and operations is featured in the preceding sections. This section discusses and analyses these results in a greater level of detail.

Consolidated Profit or Loss

HK$ million	Six months ended 30 June 2024	2023	Favourable / (Unfavourable) Change HK$ million	%
Total Revenue	**29,271**	**27,574**	**1,697**	**6.2**
Recurrent Business Profit[ζ]				
EBIT[#]				
Hong Kong Transport Services				
- Hong Kong Transport Operations	**415**	(774)	1,189	n/m
- Hong Kong Station Commercial Businesses	**1,897**	1,798	99	5.5
Total Hong Kong Transport Services	**2,312**	1,024	1,288	125.8
Hong Kong Property Rental and Management Businesses	**2,154**	1,990	164	8.2
Mainland China and International Railway, Property Rental and Management Subsidiaries	**486**	290	196	67.6
Other Businesses, Project Study and Business Development Expenses	**(178)**	(146)	(32)	(21.9)
Share of Profit of Associates and Joint Ventures	**673**	632	41	6.5
Total Recurrent EBIT	**5,447**	**3,790**	**1,657**	**43.7**
Interest and Finance Charges	**(517)**	(626)	109	17.4
Income Tax	**(806)**	(569)	(237)	(41.7)
Non-controlling Interests	**(100)**	(175)	75	42.9
Recurrent Business Profit	**4,024**	**2,420**	**1,604**	**66.3**
Property Development Profit (Post-tax)				
Hong Kong	**1,722**	712	1,010	141.9
Mainland China	**18**	20	(2)	(10.0)
Property Development Profit (Post-tax)	**1,740**	**732**	**1,008**	**137.7**
Underlying Business Profit[ε]	**5,764**	**3,152**	**2,612**	**82.9**
Gain from Fair Value Measurement of Investment Properties (Post-tax)				
(Loss) / Gain from Fair Value Remeasurement on Investment Properties	**(810)**	21	(831)	n/m
Gain from Fair Value Measurement of Investment Properties on Initial Recognition from Property Development	**1,090**	1,005	85	8.5
Gain from Fair Value Measurement of Investment Properties (Post-tax)	**280**	**1,026**	**(746)**	**(72.7)**
Net Profit Attributable to Shareholders of the Company	**6,044**	**4,178**	**1,866**	**44.7**

ζ : Recurrent business profit represents profit from the Group's Hong Kong transport operations, Hong Kong station commercial businesses, Hong Kong property rental and management businesses, Mainland China and international railway, property rental and management businesses, and other businesses (excluding fair value measurement of investment properties in Hong Kong and Mainland China)

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

ε : Underlying business profit represents profit from the Group's recurrent businesses and property development businesses

n/m : not meaningful

For the six months ended 30 June 2024, the Group is pleased to report satisfactory improvement in recurrent business profit, which benefited from continued recovery in its Domestic, Cross-boundary and HSR services due to increased travel frequency by Hong Kong and Mainland Chinese passengers. Our property development business recorded profit, mainly from THE SOUTHSIDE Package 1 and Package 2 as well as LOHAS Park Package 11.

Total Revenue

The Group's total revenue for the six months ended 30 June 2024 increased by 6.2% to HK$29,271 million compared to the same period in 2023. This was mainly contributed by (i) increased revenue in our Hong Kong transport operations ("HKTO"), which was driven by continued recovery in patronage, particularly on the Cross-boundary and HSR services, (ii) additional contributions from our two new shopping malls, The Wai and THE SOUTHSIDE, since the second half of 2023, and (iii) higher revenue from the Hong Kong station commercial business, as station retail benefited from a full six-month of rental revenue following the resumption of Duty Free Shop operations and advertising revenue improved. The increase in revenue was partly offset by (i) decreased revenue from the project works in our Melbourne franchise and (ii) decreased revenue in Sweden after the early termination of the concession for Stockholms pendeltåg in March 2024.

Recurrent Business Profit

The Group recorded recurrent business profit of HK$4,024 million for the six months ended 30 June 2024, compared to HK$2,420 million over the same period last year. The increase of HK$1,604 million, or 66.3%, was mainly attributable to improved EBIT for HKTO due to the aforementioned patronage recovery as well as improved financial performance in Sweden as no loss booked during the period under review. Loss provisions had already been made for Stockholms pendeltåg and Mälartåg regional traffic in the second half of 2023.

<u>EBIT</u>

HKTO: EBIT for the six-month period was a profit of HK$415 million, compared to a loss of HK$774 million in the same period in 2023. The improvement of HK$1,189 million was the result of higher revenue brought by (i) recovery in patronage, especially in Cross-boundary and HSR services, and (ii) fare increase under the Fare Adjustment Mechanism net of concessions. These favourable impacts were partly offset by (i) increased operating expenses associated with enhanced services and inflation (such as higher staff costs, railway support and maintenance costs) and (ii) higher variable annual payment to KCRC in line with increased revenue, levied at the top progressive rate of 35%.

Hong Kong Station Commercial Businesses: EBIT increased by HK$99 million, or 5.5%, to HK$1,897 million for the six months ended 30 June 2024. This was mainly due to higher station retail rental revenue, which was driven by (i) the full-period impact of resumed Duty Free Shop operations and (ii) lower amortisation of rental concessions charged for other station kiosks during the six months ended 30 June 2024. The impact was partially offset by higher variable annual payment to KCRC owing to a higher level of revenue subject to variable annual payment.

Hong Kong property rental and management businesses: EBIT increased by HK$164 million, or 8.2%, to HK$2,154 million for the six months ended 30 June 2024. This was mainly due to (i) additional contributions from the Company's two new shopping malls, The Wai and THE SOUTHSIDE, and (ii) lower amortisation of rental concessions charged for the six months ended 30 June 2024. These factors were partly offset by the adverse impacts of (i) a lower occupancy rate for the Company's 18 floors in Two International Finance Centre during the reporting period and (ii) overall negative rental reversions as increased northbound consumer spending affected the gradual recovery of the retail market.

Mainland China and international railway, property rental and management subsidiaries: For the six months ended 30 June 2024, EBIT saw an increase of HK$196 million, or 67.6%, to HK$486 million. This was mainly due to there being no further losses booked for Stockholms pendeltåg and Mälartåg regional traffic in 2024, as loss provisions had already been made in the second half of last year. The increase was partly offset by the loss from the disposal of the Group's operation in Beijing Ginza Mall during the period under review.

Other businesses, project study and business development expenses: EBIT loss from these businesses was HK$178 million for the six months ended 30 June 2024, compared to the loss of HK$146 million recorded over the same period in 2023. The increase in loss was due to increased project study and business development expenses, which was partly mitigated by the improved financial performance of Ngong Ping 360.

Share of Profit of Associates and Joint Ventures

Share of profit of associates and joint ventures increased by HK$41 million, or 6.5%, to HK$673 million for the six months ended 30 June 2024. This was mainly the result of higher contribution from our operations in Mainland China due to patronage recovery.

Income Tax

Income tax increased by HK$237 million, or 41.7%, to HK$806 million for the six months ended 30 June 2024, which was mainly due to the increase in Hong Kong recurrent business profit.

Since the Rail Merger in 2007, the Company has claimed annual Hong Kong Profits Tax deductions in respect of certain payments relating to the Rail Merger (collectively "the Sums"). The total tax amount in respect of the Sums for the years of tax assessment from 2007/2008 to the first six months of 2024/2025 amounted to HK$5.4 billion (for the years of tax assessment from 2007/2008 to 2023/2024: HK$5.1 billion). On 20 May 2022, the Commissioner of Inland Revenue issued a determination to the Company disagreeing that the Sums are tax deductible. The Company lodged a notice of appeal to the Inland Revenue Board of Review on 16 June 2022. After discussing with the external legal counsels and tax advisor on the approach to the appeal, the Company decided not to pursue its deduction claims in respect of the amortisation of upfront payment and cut-over liabilities during the opening submission before Board of Review. As the Company had already made the related tax provision for the amortisation of upfront payment and cut-over liabilities in the past years taking into account the uncertainty in their tax deductibility, no additional tax provision is required.

As mentioned above, the total tax amount in respect of the Sums for the years of tax assessment from 2007/2008 to the first six months of 2024/2025 amounted to HK$5.4 billion (for the years of tax assessment from 2007/2008 to 2023/2024: HK$5.1 billion). As of 30 June 2024, the related tax provision made for the amortisation of upfront payment and cut-over liabilities amounted to HK$0.2 billion (as of 31 December 2023: HK$0.2 billion). The hearing of appeal was held before the Board of Review in early 2024.

On 6 August 2024, the Board of Review has issued its decision ("the Board of Review Decision") and has disagreed with the deduction claims of the fixed annual payments and variable annual payments for the years of assessment from 2011/2012 to 2017/2018. It confirmed the relevant profits tax assessment/additional profits tax assessments in respect of the fixed annual payments and variable annual payments being non-tax deductible.

The Company is in the process of reviewing the Board of Review Decision. The Company has conferred with external legal counsel and its tax advisor and the initial advice obtained is that the Company currently continues to have strong legal grounds to support its position. As such, as of the date of the interim financial report, no additional tax provision has been made. The review is ongoing and the Company reserves its position on this matter. Further details are set out in Note 6B "Income Tax" above of this interim results announcement.

Property Development Profit (Post-tax)

Property development profit (post-tax) was HK$1,740 million for the six months ended 30 June 2024, representing an increase of HK$1,008 million from the same period in 2023. The profit was mainly derived from further profits recognised from THE SOUTHSIDE Package 1 and Package 2 as well as LOHAS Park Package 11.

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

Gain from fair value measurement of investment properties in Hong Kong and Mainland China was HK$280 million for the six months ended 30 June 2024. This comprised (i) a further recognition of HK$1,090 million in valuation gain arising from the reduction in outstanding risks and obligations for our sharing-in-kind investment property received last year (i.e., THE SOUTHSIDE shopping mall) and (ii) a loss of HK$810 million from investment property fair value remeasurement.

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$6,044 million for the six months ended 30 June 2024, an increase of HK$1,866 million, or 44.7%, compared to the HK$4,178 million recorded for the same period in 2023.

Consolidated Financial Position

HK$ million	**At 30 June 2024**	At 31 December 2023	Inc. / (Dec.) HK$ million	Inc. / (Dec.) %
Net Assets	**178,953**	178,856	97	0.1
Total Assets	**361,017**	346,426	14,591	4.2
Total Liabilities	**182,064**	167,570	14,494	8.6
Gross Debt^	**70,418**	59,491	10,927	18.4
Net Debt-to-equity Ratio $^{\delta}$	**27.5%**	26.5%		1.0 pt

^ : *Gross debt represents loans and other obligations and short-term loans*

δ : *Net debt-to-equity ratio represents net debt of HK$49,285 million (31 December 2023: HK$47,316 million), which comprises 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 in the consolidated statement of financial position, as a percentage of the total equity of HK$178,953 million (31 December 2023: HK$178,856 million)*

Net Assets

Our financial position remains strong. The Group's net assets increased slightly by 0.1% to HK$178,953 million as at 30 June 2024. This was mainly due to (i) the net profit recognised for the six months ended 30 June 2024, partly offset by (ii) the accrual of the 2023 final ordinary dividend for payment in July 2024.

Total Assets

Total assets increased slightly by 4.2% to HK$361,017 million. This was mainly due to (i) the increase in cash, bank balances and deposits as well as (ii) the additions of railway construction in progress relating to the Tung Chung Line Extension, Tuen Mun South Extension and Kwu Tung Station projects.

Total Liabilities

Total liabilities increased by 8.6% to HK$182,064 million. This was mainly due to (i) the net drawdown of loans and (ii) the accrual of the 2023 final ordinary dividend.

Gross Debt and Cost of Borrowing

As at 30 June 2024, the Group's gross debt (being loans and other obligations and short-term loans) increased by 18.4%, or HK$10,927 million, to HK$70,418 million, compared with the balance as at 31 December 2023. The weighted average borrowing cost of the Group's interest-bearing borrowings for the six months ended 30 June 2024 was at 3.8% p.a., an increase of 0.5% point over the same period in 2023.

Net Debt-to-equity Ratio and Interest Cover

Net debt-to-equity ratio increased by 1.0% point to 27.5% as at 30 June 2024 from 26.5% as at 31 December 2023. This was mainly due to the increase of net debt in capital expenditure for new railway projects. The Group's interest cover for the six months ended 30 June 2024 was 11.6 times compared to 9.2 times during the same period in 2023.

Consolidated Cash Flows

HK$ million	Six months ended 30 June **2024**	2023
Net Cash Generated from Operating Activities	**8,179**	**3,870**
Net (Payments) / Receipts from Property Development	**(21)**	4,533
Capital Expenditure	**(7,571)**	(5,200)
Variable Annual Payment	**(2,355)**	(323)
Other Net Cash Inflow from Investing Activities	**323**	205
Net Cash Used in Investing Activities	**(9,624)**	**(785)**
Net Drawdown of Debts, Net of Lease Rental and Interest Payments	**10,680**	5,223
Other Net Cash Outflow from Financing Activities	**(221)**	(376)
Net Cash Generated from Financing Activities	**10,459**	**4,847**
Effect of Exchange Rate Changes	**(217)**	(110)
Cash, Bank Balances and Deposits classified as Disposal Group Held for Sale at the Beginning of the Period and Disposed of during the Period	**94**	-
Increase in Cash, Bank Balances and Deposits	**8,891**	**7,822**

Net Cash Generated from Operating Activities

Net cash generated from operating activities was HK$8,179 million for the six months ended 30 June 2024 compared to HK$3,870 million for the same period in 2023. This was mainly due to the increase in recurrent business profit and lower tax payment made during the period.

Net Payments from Property Development

Net payments from property development were HK$21 million, comprising (i) cash payments of HK$409 million primarily for the Oyster Bay project and LOHAS Park packages, which were offset by (ii) cash receipts of HK$388 million, mainly from the various LOHAS Park packages.

Capital Expenditure

Capital expenditure was HK$7,571 million, comprising (i) HK$4,456 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$2,451 million for Hong Kong railway extension projects, (iii) HK$289 million for Hong Kong investment properties, in particular fitting-out works for THE SOUTHSIDE, and (iv) HK$375 million for Mainland China and overseas subsidiaries, including Shenzhen Metro Line 13 Phase 1 project.

Financing Activities

The United States Federal Reserve kept the Federal Funds Target Rate unchanged at a range of 5.25%-5.50% p.a. in the first half of 2024. The Secured Overnight Financing Rate ("SOFR") traded in a tight range between 5.30% p.a. and 5.40% p.a. over these six months. However, the three-month HKD Hibor dropped from 5.15% p.a. at the beginning of the year to 4.75% p.a. by the end of June.

For the longer tenors, the 10-year US Treasury yield rose from 3.88% p.a. to 4.40% p.a. and the 10-year HKD swap rate increased from 3.36% p.a. to 3.69% p.a.

In the first half of 2024, the Company arranged HK$15.7 billion in new financing, including HK$14.1 billion from MTN issuances with maturities ranging between 2 and 30 years, as well as HK$1.6 billion in five-year bank credit facilities. Approximately HK$2.5 billion of the new financing was arranged under our Sustainable Finance Framework, with proceeds earmarked for eligible investments.

The Group's consolidated gross debt position at the end of June 2024 was HK$70.4 billion, with a cash and deposit balance of HK$31.3 billion and undrawn committed facilities of over HK$19.0 billion.

The weighted average cost of the Group's interest-bearing borrowings over the first six months was 3.8% p.a., compared with 3.3% p.a. for the same period in 2023. As at the end of June 2024, around 64% of the Group's borrowing were fixed-rate borrowings.

By Order of the Board
Dr Jacob Kam Chak-pui
Chief Executive Officer

Hong Kong, 15 August 2024

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 30 August 2024 to 4 September 2024 (both dates inclusive), during which time no transfers of shares in the Company will be effected. To qualify for the 2024 interim dividend, all completed transfer documents, accompanied by the relevant share certificates must be lodged for registration with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on 29 August 2024 (Hong Kong time).

As at the date of this announcement:

Members of the Board: Dr Rex Auyeung Pak-kuen *(Chairman)***, Dr Jacob Kam Chak-pui *(Chief Executive Officer)*, Andrew Clifford Winawer Brandler*, Dr Bunny Chan Chung-bun*, Walter Chan Kar-lok*, Cheng Yan-kee*, Hui Siu-wai*, Ayesha Macpherson Lau*, Sunny Lee Wai-kwong*, Jimmy Ng Wing-ka*, Dr Carlson Tong*, Sandy Wong Hang-yee*, Adrian Wong Koon-man*, Professor Anna Wong Wai-kwan*, Christopher Hui Ching-yu (Secretary for Financial Services and the Treasury)**, Secretary for Transport and Logistics (Lam Sai-hung)**, Permanent Secretary for Development (Works) (Ricky Lau Chun-kit)** and Commissioner for Transport (Angela Lee Chung-yan)**

Members of the Executive Directorate: Dr Jacob Kam Chak-pui, Jeny Yeung Mei-chun, Margaret Cheng Wai-ching, Linda Choy Siu-min, Carl Michael Devlin, Michael George Fitzgerald, Dr Tony Lee Kar-yun, Gillian Elizabeth Meller, David Tang Chi-fai and Sammy Wong Kwan-wai

* *independent non-executive Director*
** *non-executive Director*

This announcement is made in English and Chinese. In case of any inconsistency, the English version shall prevail.