



# 2022 Annual Results

9 March 2023

# Forward-looking statements

Certain statements contained in this presentation may be viewed as forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual performance, financial condition or results of operations of the Company to be materially different from any future performance, financial condition or results of operations implied by such forward-looking statements.

# 2022 Annual Results

Business Review

Financial Results

Outlook

# Business Review



# 2022 Highlights

## Corporate Strategy

- Defined 10 commitments and 35 KPIs across our ESG objectives
- Committed to establishing science-based carbon reduction targets for the year 2030, with the aim of achieving carbon neutrality by 2050

## Recurrent Businesses in Hong Kong

- Patronage was adversely affected by fifth wave of COVID-19, but gradually recovered in 2H2022
- Passenger journeys on-time and train service delivery maintained at 99.9%
- East Rail Line cross-harbour extension opened
- Three new eight-car Q-trains had commenced service

## Property Development

- Property development profit mainly from LP10, SOUTHLAND and La Marina
- Awarded Pak Shing Kok Ventilation Building and Tung Chung Traction Substation Property Developments

## New Projects

- Enter into Project Agreements with the Government for the new Oyster Bay Station and Tung Chung Line Extension
- Tuen Mun South Extension and Kwu Tung Station schemes authorised
- Hung Shui Kiu station scheme gazetted

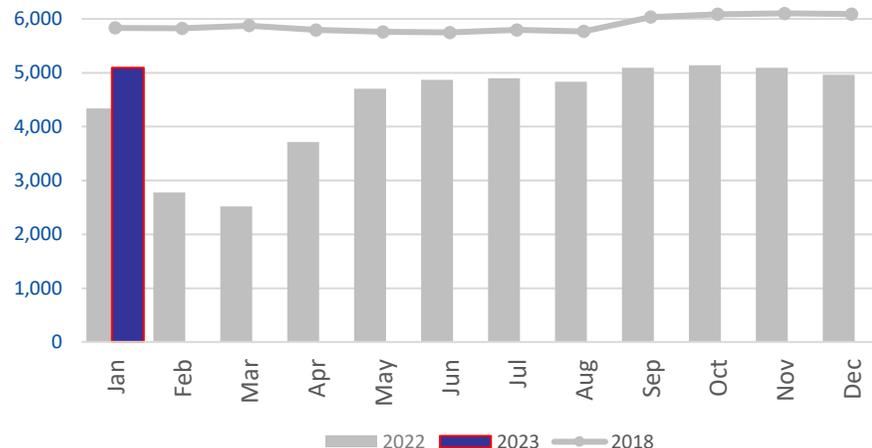
## Businesses Outside of Hong Kong

- Central Operating Section of Elizabeth line commenced service
- Opened the Southern Section of BJJ16
- Took over Upptåget lines as part of Mälartåg regional traffic
- Impairment Loss on Shenzhen Metro Line 4

# Further recovery from boundary reopening

- With the reopening of boundary crossings, train services for Lok Ma Chau Spur Line and High Speed Rail (HSR) resumed on **8 January and 15 January 2023**, respectively. Train service for Lo Wu also resumed on **6 February 2023**
- For January 2023, average daily patronage at Cross-boundary Service and HSR were 25,000 and 15,600, representing **8%** and **28%** of the pre-pandemic level, respectively
- Benefiting from the relaxed social distancing and resumption of Cross-boundary and HSR services, average weekday patronage increased to **over 5 million** in January 2023, representing **87%** of pre-pandemic level; a further recovery from 66% and 86% in 1H2022 and 2H2022
- Further patronage recovery will depend on overall economic development, the pace of tourist recovery, changes in travel pattern, etc

Average weekday patronage ('000)



High Speed Rail resumed service

# New Lines opened in 2022

New lines  
opened in 2022



East Rail Line cross-harbour extension in May 2022



Elizabeth line – Central Operating Section in May 2022



The Southern Section of Beijing Metro Line 16 (“BJL16”) in December 2022

# Continuous asset enhancement



New Q-train



- As of December 2022, three new eight-car Q-trains had commenced service
- As of December 2022, 19 out of the 93 new heavy rail eight-car trains were delivered, which will be put into passenger service in stages over the next few years

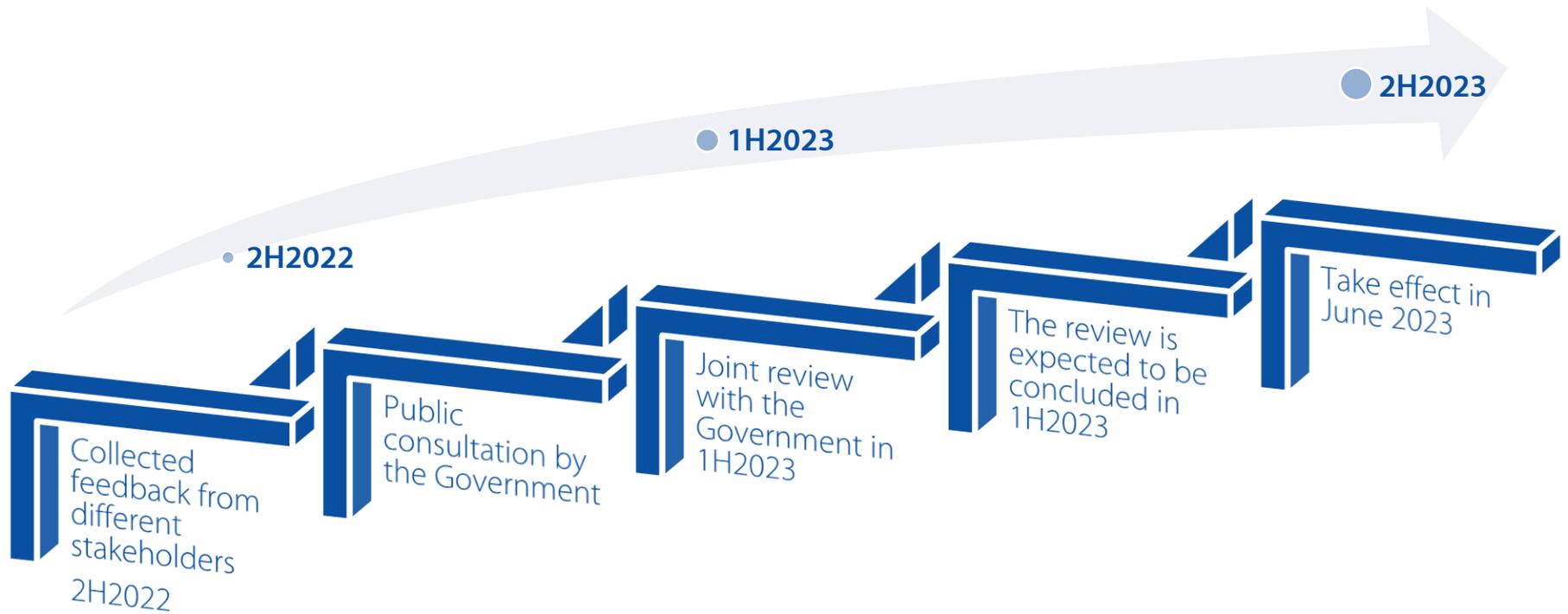
- The replacement of our existing signalling system along the Island, Tseung Kwan O, Kwun Tong and Tsuen Wan lines continued in 2022.
- Engaged in a comprehensive review of our railway assets and maintenance management



New facilities



# FAM review in progress



**Balance between different stakeholders**

# Two new malls opening in 2023



An artist's impression of The Wai

## The Wai at Tai Wai Station

- GFA: 60,620 sqm
- No. of floors: 4
- Over 150 retail tenants
- Target opening: summer 2023

## THE SOUTHSIDE at Wong Chuk Hang Station

- GFA: 47,000 sqm
- No. of floors: 5
- Target opening: 4Q2023



An artist's impression of THE SOUTHSIDE

**Two new malls will expand existing retail portfolio by nearly 30% in GFA**

# Oyster Bay Property Development



Oyster Bay: artist's impression

**Total GFA for private development: 860,500 sqm**

- Residential: 826,000 sqm (~10,720 units);
- Commercial: 34,500 sqm

**Development cycle: 2022-2039**

- Expected completion of 1<sup>st</sup> phase : 2030  
(Subject to tender award)

- Completed the land exchange documents for the Siu Ho Wan Depot and paid land premium in 2022
- The Development will incorporate ESG concepts, integrating a variety of natural elements, low carbon measures and eco-friendly features
- Subject to market conditions, will tender out Packages 1 & 2, in the next 12 months or so
- Construction of Oyster Bay Station is expected to commence in 2023 and be completed in 2030



# Tung Chung Line Extension



Tung Chung East Station

- Entered into the project agreement of the Tung Chung Line Extension with the Government on 28 February 2023
- The project will be developed under the rail-plus-property model, with a total GFA of about 0.63m sqm (residential: about 0.46m sqm; retail about 0.06m sqm; office: about 0.11m sqm)
- Land premium shall be assessed at the full market value of the site, taking into account the presence of the railway, less the Reduction Amount

Note: Airport Railway Extended Overrun Tunnel not included

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**New stations:**

Tung Chung East Station  
Tung Chung West Station

**Route length:**

1.3km

**Expected construction start:**

May 2023

**Expected completion:**

Dec 2029

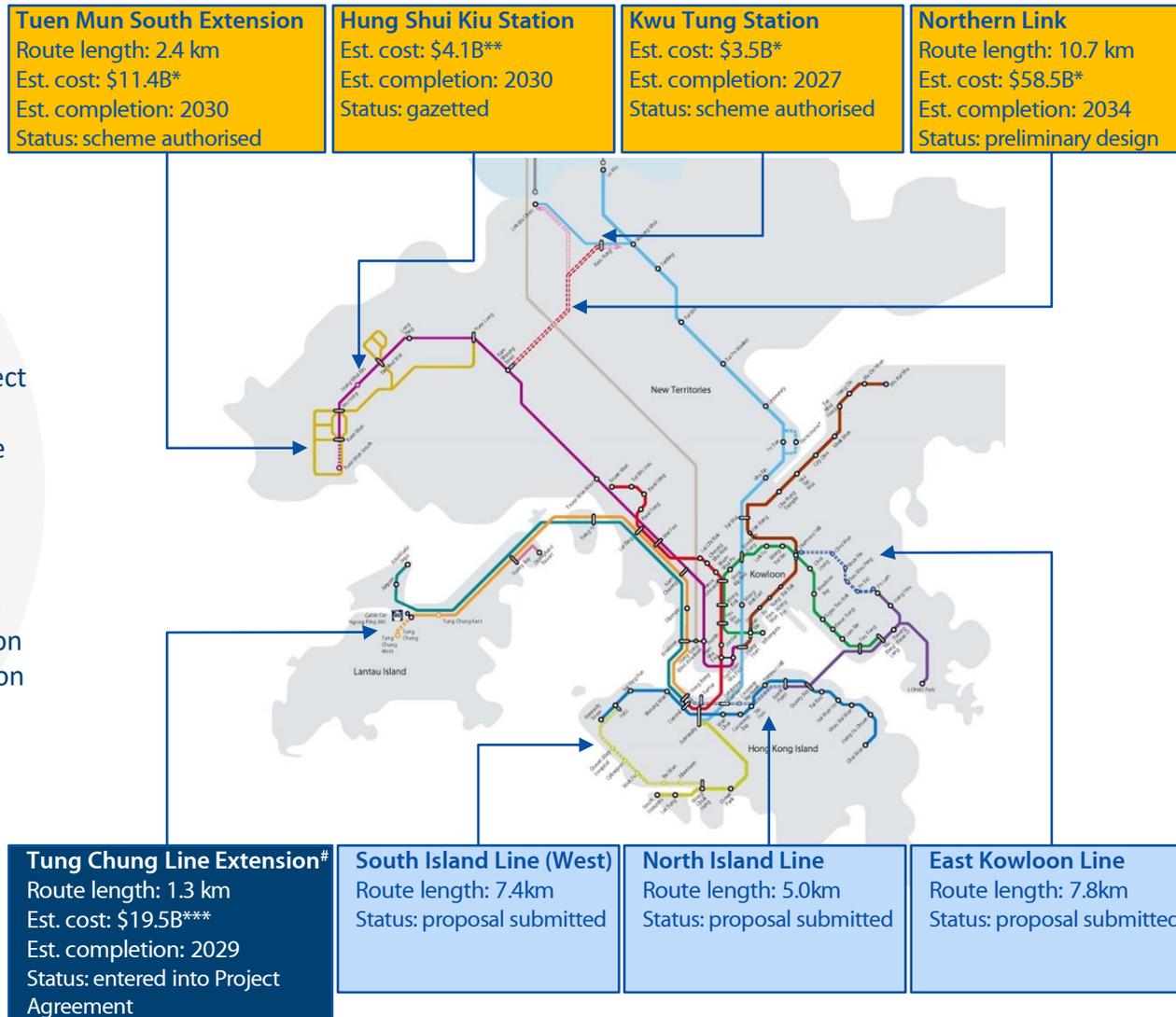
**Estimated cost:**

HK\$19.5 billion  
(December 2020 prices)



Tung Chung West Station

# New Railway Projects – RDS2014



## Progress

- Entered into a Project Agreement with Government for the Tung Chung Line Extension
- Railway schemes authorised for Tuen Mun South Extension and Kwu Tung Station

## Challenges

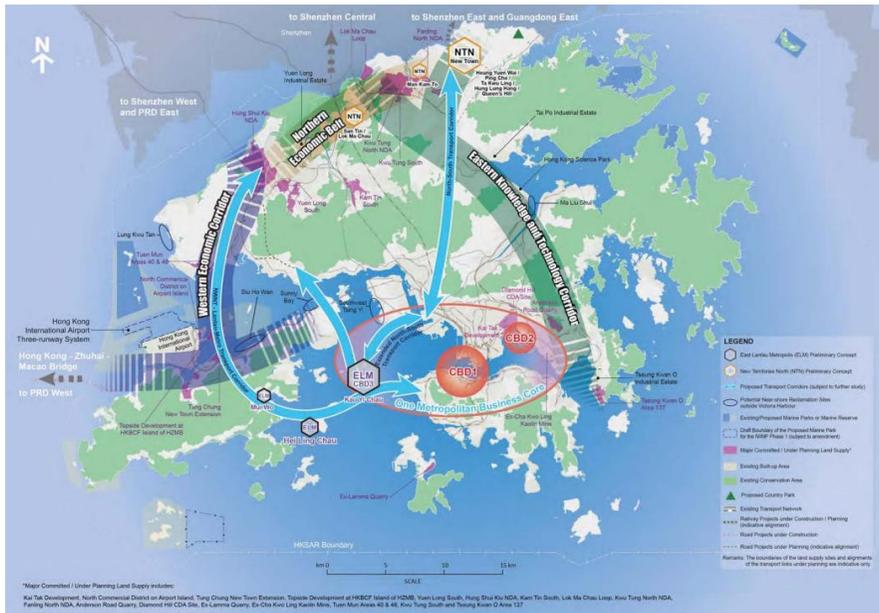
- Availability of sufficient labour
- works needing to be carried out during at night during non-traffic hours

\* Expected cost in December 2015 prices  
 \*\* Expected cost in December 2018 prices  
 \*\*\* Expected cost in December 2020 prices  
 # Airport Railway Extended Overrun Tunnel not included

Source: MTR, LegCo documents

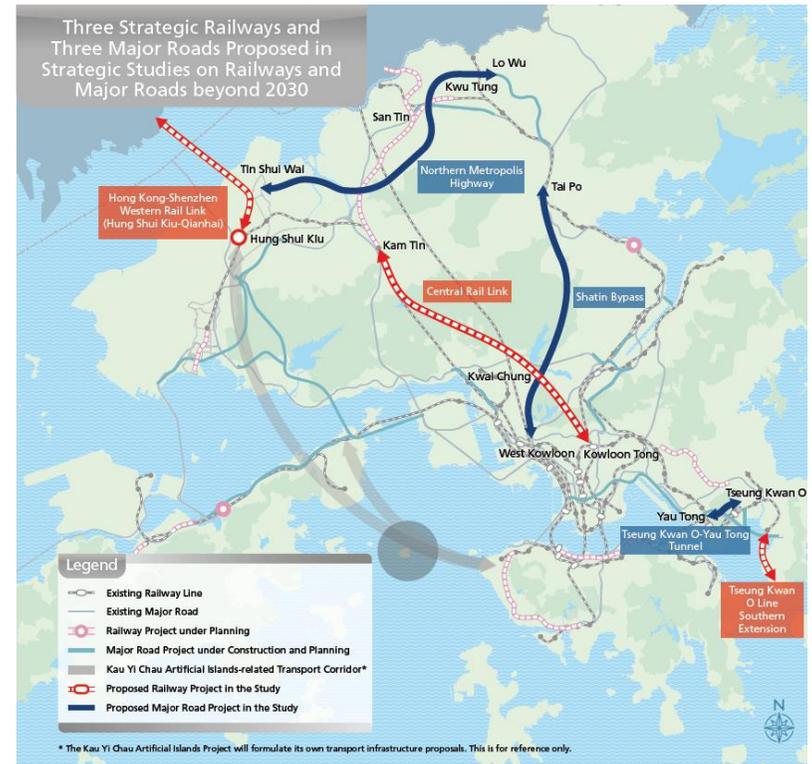
# Northern Metropolis / RMR2030+

## Northern Metropolis



Source: [www.policyaddress.gov.hk](http://www.policyaddress.gov.hk)

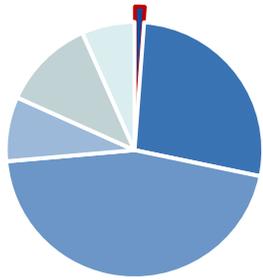
## Railways and Major Roads beyond 2030 (RMR2030+)



Source: [rmr2030plus.hk](http://rmr2030plus.hk)

- Fully welcome the “Northern Metropolis” as well as the three strategic railway projects as part of RMR2030+
- Progress with a construction study on the proposed New Science Park/Pak Shek Kok Station

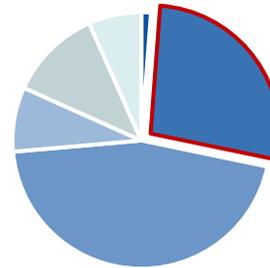
# Hong Kong Transport Services



**2022 EBIT**  
**HK\$4,733m loss**, -11.1% YoY  
(2021: HK\$4,262m loss)

## Transport Operations

- Market share increased, benefited from the openings of the full Tuen Ma Line and East Rail Line cross-harbour extension
- Three new eight-car Q-trains had commenced service
- Signalling replacement continued in 2022



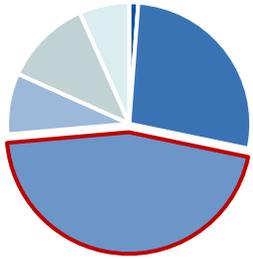
**2022 EBIT**  
**HK\$2,270m**, -8.8% YoY  
(2021: HK\$2,488m)

## Station Commercial

- Continued to offer flexible and/or shorter-term leases for small and medium tenants
- Promotions via our MTR Mobile app and MTR Points loyalty programme
- Continued our progress in transforming our media to digital advertising platforms



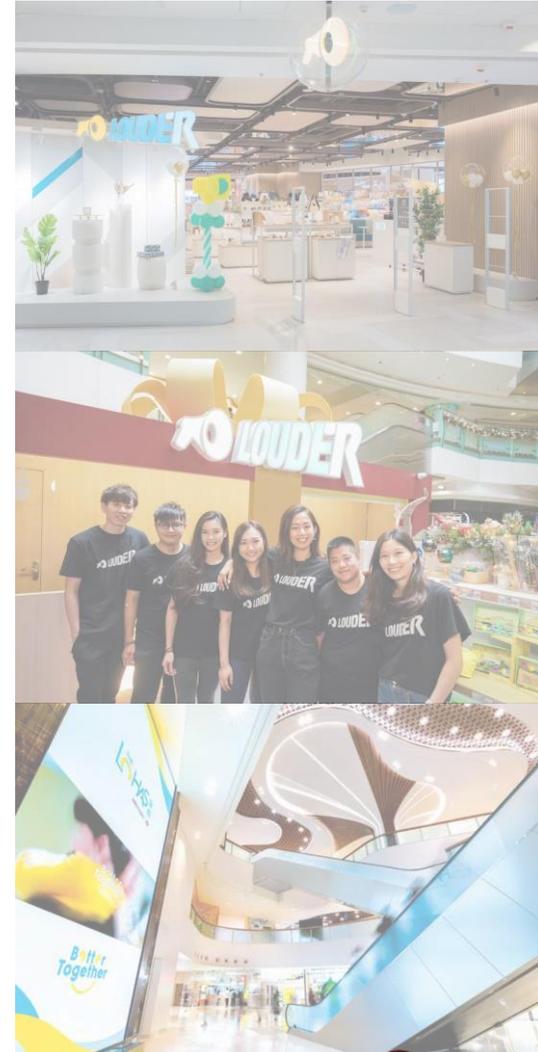
# Hong Kong Property Rental and Management



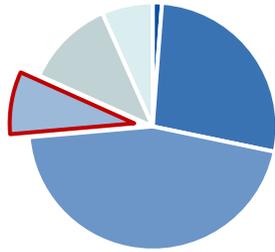
2022 EBIT  
HK\$3,800m, -6.1% YoY  
(2021: HK\$4,048m)

## Rental Income

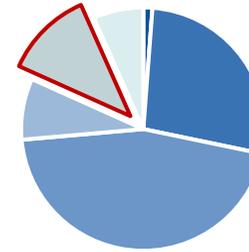
- Targeted marketing campaigns designed to appeal to specific groups of shoppers
- Launched “LOUDER”, a new retail programme to help small local brands build their businesses through enhanced online-to-offline presence
- The Wai’s work and pre-leasing activities are progressing well in preparation for opening in Summer 2023
- THE SOUTHSIDE is currently under pre-leasing and is expected to open in the 4Q2023



# Mainland China and International Businesses



2022 EBIT\*#  
**HK\$682m**, -23.8% YoY  
 (2021: HK\$895m)



2022 EBIT\*  
**HK\$975m**, +110.6% YoY  
 (2021: HK\$463m)

## Mainland China and Macao

- Adversely impacted by the pandemic
- The Southern Section of BJL16 successfully opened, and the full line is expected to open in 2023
- Construction on SZL13 continued. This line is expected to commence service in 2024
- An impairment of HK\$962m in respect of SZL4



\* EBIT of Subsidiaries and Share of profit of Associates and Joint Ventures from recurrent businesses  
 # Excluding the impairment loss of HK\$962 million in respect of Shenzhen Metro Line 4 in Mainland China

## International

- (UK) The Central Operating Section of Elizabeth line opened in May 2022
- (Sweden) Impacted by operational staff shortages and maintenance issues
- (Australia) MTM & SMNW achieved steady operations

# Hong Kong Property Development

**2022 Profit before-tax: HK\$11,589m, +4.4% YoY (2021: HK\$11,097m)**

**2022 Profit after-tax: HK\$10,413m, +12.2% YoY (2021: HK\$9,277m)**

## Property Sales

Profit booking mainly from LP10, SOUTHLAND and La Marina

Pre-sales for Villa Garda I & II were launched in June & July 2022

Obtain pre-sales consents for IN ONE (Ho Man Tin Station Package 2) – Phases IA & IB and THE SOUTHSIDE Package 4 – Phase 4A & 4B



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## Project Tenders

Pak Shing Kok Ventilation Building and Tung Chung Traction Substation Property Development project were awarded



# ESG – Environmental

## 2030 SBT + 2050 Carbon Neutrality

- The Company has committed to the establishment of science-based carbon reduction targets for the year 2030 for our railway and property businesses in Hong Kong with the aim of achieving carbon neutrality by 2050
- Our 2030 carbon reduction targets, which have been submitted to the Science Based Targets initiative for validation and cover Scope 1, 2 and 3 emissions, will be attained by adopting energy efficiency measures and cleaner energy as well as green and low-carbon building designs

## Greening our Assets

- A total of 154 newer, more energy efficient chillers have been installed that will deliver increased comfort for commuters in stations while reducing approximately 15,000 tonnes of CO<sub>2</sub> per annum
- A new replacement programme to replace 31 more chillers will take place between 2023 and 2026

# ESG – Social

## Social inclusion

- MTR is a global leader in mass transit. In 2022, we promoted accessibility and universal basic mobility
- Launching “MTR • Care”, a new app featuring functions that assist passengers with special needs and the elderly
- Hosting a series of talks at schools and senior centres on our operations and railway safety; and organising special events designed to provide barrier-free access for appreciation of the arts

## Advancement and Opportunities

- Invest significantly in our staff’s learning and development
- “‘Train’ for Life’s Journeys” programme continued to offers career planning advice as well as information about opportunities at MTR
- Collaborating with Hong Kong Science and Technology Parks and Hong Kong Cyberport to explore opportunities in innovative technologies, data collaboration and investment in technology ventures / start-ups

# ESG – Governance

- Implemented a new committee structure that will help optimise the Board’s decision-making processes and promote the achievement of the governance goals
- The restructuring included the establishment of Finance & Investment Committee and Technology Advisory Panel, the combination of the former Audit Committee and Risk Committee to become the Audit & Risk Committee and a revamping of all the Board Committees’ terms of reference
- As part of the Company’s commitment to diversity, the Board has pledged to have not less than 20% female members on the Board with immediate effect and to achieving 25% female members by 2025
- Supporting the Company’s overall ESG commitments, a new ESG investment framework has been established ensuring that sufficient funding is available and can be appropriately allocated
- “Three lines of defence” model to help us align with international best practices, enhance our governance practices, including identifying and addressing unmitigated material risks

# Shenzhen Metro Line 4 (SZL4) Impairment

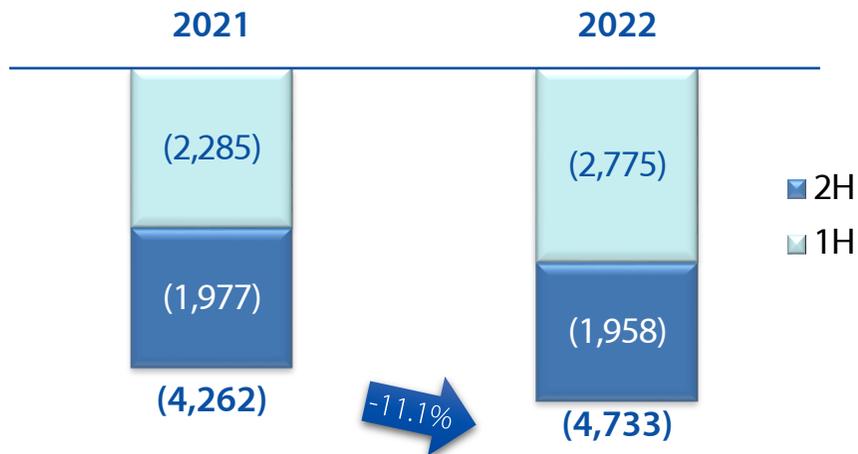
- In July 2020, the Shenzhen Municipal Government announced that a fare adjustment framework for the Shenzhen Metro network would come into effect on 1 January 2021. The framework was expected to enable the establishment of a mechanism for fare setting and the implementation procedures for fare adjustments
- Up to 31 December 2022, there has been no increase in SZL4's fare since MTRSZ started operating the line in 2010 whilst the operating costs continue to rise. As disclosed in previous years, if a suitable fare increase and adjustment mechanism are not implemented soon, the long-term financial viability of this line will be impacted
- As it is anticipated that the mechanism and procedures for fare adjustments will take longer time to implement and patronage will remain at a lower level for a period of time, an impairment test was performed for SZL4 at 30 June 2022, which carried a book value of HK\$4,589 million, and the corresponding recoverable amount was determined at HK\$3,627 million as at 30 June 2022. As such, an impairment provision of HK\$962 million was recognised for the SZL4 service concession assets in the consolidated statement of profit or loss for the six months ended 30 June 2022. The recoverable amount tested for impairment had been determined based on a value in use calculation covering the remaining services concession period. An estimated pre-tax discount rate of 9.2% was used in estimating SZL4's value in use as at 30 June 2022.
- Based on the review performed by the Group as at 31 December 2022, no further impairment loss was recognised as at 31 December 2022



# Financial Results

# Hong Kong Transport Operations

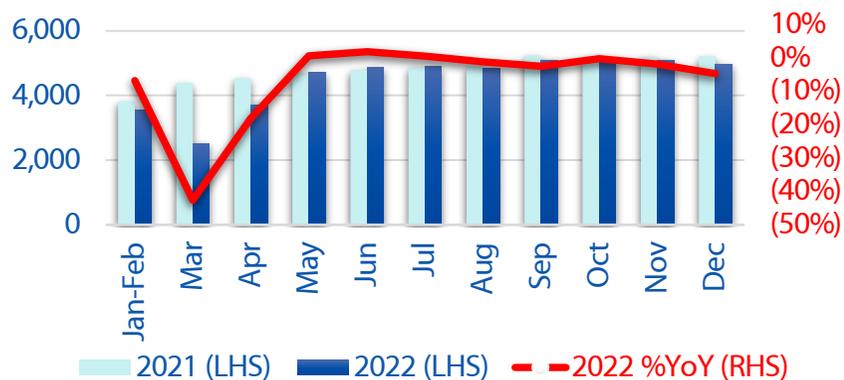
EBIT (HK\$m)



## 2022

- Patronage declined in early 2022 due to the fifth wave of COVID-19, with gradual recovery in 2H2022
- Average weekday patronage decreased to 4.45 million, or -6.3% YoY
- The higher operating expenses were mainly due to the increased staff and energy costs as well as higher depreciation resulting from the opening of the East Rail Line cross-harbour extension

Average weekday patronage ('000)



## FAM, Promotions and Concessions

- No adjustment of fares for 2022/23 and that the Overall Fare Adjustment Rate, calculated at 0.5%, will be rolled over to 2023/24
- Special 3.8% fare rebate was extended till 31 January 2023
- The current review of FAM is expected to conclude in the first half of 2023, with the new FAM taking effect in June 2023

# Hong Kong Station Commercial Businesses

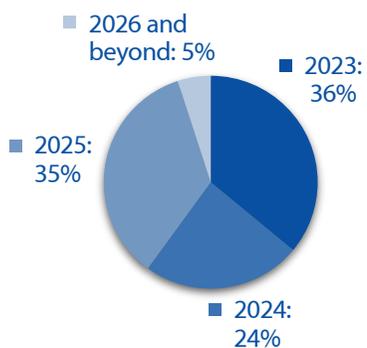
EBIT (HK\$m)



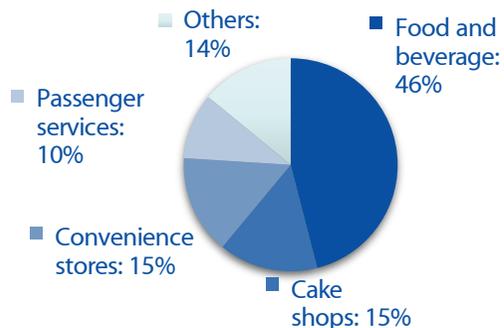
## 2022

- Significantly impacted by the pandemic since February 2020, when the revenue stream from Duty Free Shops was suspended due to the closure of boundary crossing stations
- Advertising revenue decreased in 2022. Spending started to improve in the latter part of the year after the fifth wave of the pandemic subsided
- Decrease in Station Retail rental revenue was mainly due to negative rental reversions
- Average occupancy rate in our station kiosks was 97.3%
- Rental reversion in our station kiosks was -14.6%

Lease expiry by area occupied\*



Trade mix by leased area\*\*



\* Station kiosks and Duty Free Shops

\*\* Station kiosks, excluding Duty Free Shops

# Hong Kong Property Rental and Management Businesses

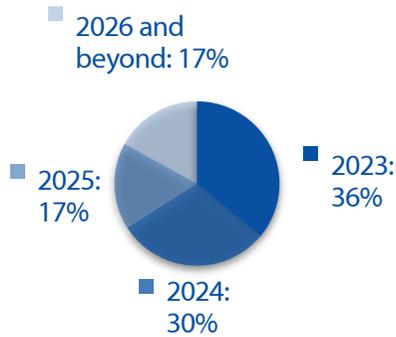
EBIT (HK\$m)



## 2022

- Rental revenue suffered from the pandemic's dampening effects on mall traffic and rental reversions
- Launched tactical promotional programmes via our MTR Mobile app as well as targeted marketing campaigns designed to appeal to specific groups of shoppers
- Proudly launched "LOUDER", a new retail programme to help small local brands build their businesses through enhanced online-to-offline presence
- MTR shopping malls recorded a rental reversion of -9.0% and an average occupancy rate of 99%
- Two IFC recorded an average occupancy rate of 94%

Lease expiry by area occupied\*



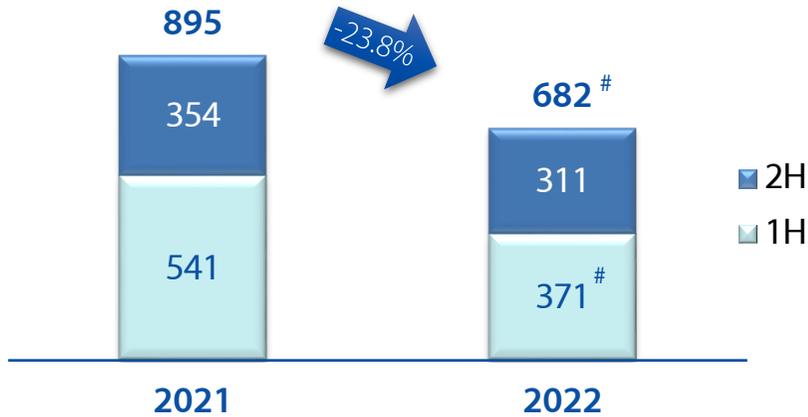
Trade mix by leased area\*



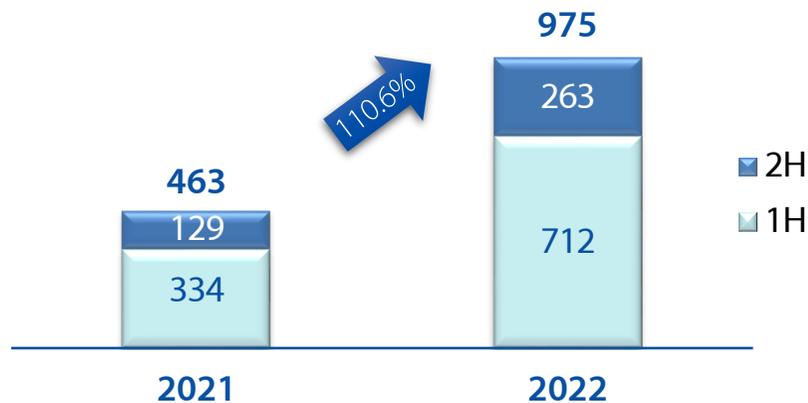
\* Shopping malls

# Mainland China and International Businesses

Mainland China and Macao EBIT\* (HK\$m)



International EBIT\* (HK\$m)



## 2022

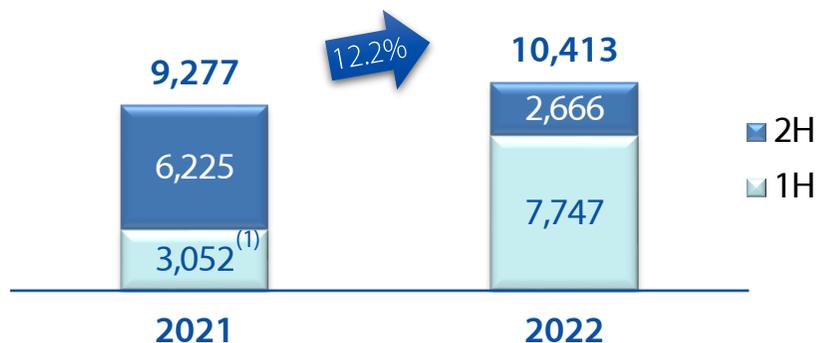
- MTR's Mainland China and International Businesses served approximately 1.77 billion passenger journeys outside of Hong Kong through its subsidiaries and associates
- Mainland China and Macao:** adversely affected by the pandemic in 1H2022
- In Hangzhou, HZL1 has been suffering from losses for most of the time during the past several years. The long-term financial viability of this line will be impacted if patronage remains at a low level over a period of time
- UK:** Under the Contract, the UK Department for Transport retains all revenue risk and substantially all cost risk
- Sweden:** Operations of Mälartåg and Stockholms pendeltåg were impacted by operational staff shortage and maintenance issues
- Australia:** better performance from our Melbourne transport operation and Sydney Metro City & Southwest project

\* EBIT of Subsidiaries and Share of Profit of Associates and Joint Ventures from Recurrent Businesses

<sup>#</sup> Excluding the impairment loss of HK\$962 million in respect of SZL4 in Mainland China made in 1H 2022

# Hong Kong Property Development

## Hong Kong Property Development Profit (Post-tax) (HK\$m)



## 2022

- Property development profit primarily derived from LP10, SOUTHLAND and La Marina
- Pre-sale of Villa Garda I & II were launched in June & July 2022
- Awarded two tenders: Pak Shing Kok Ventilation Building and Tung Chung Traction Substation Property Development projects
- In February 2023, tender submissions on Oyster Bay Package 1 were not accepted. The project will be retendered in due course, subject to market conditions

Major property projects profit recognised	GFA (sqm)	No. of units
LP10 (LOHAS Park Package 10)	75,400	893
SOUTHLAND (THE SOUTHSIDE Package 1)	53,600	800
La Marina (THE SOUTHSIDE Package 2)	45,800	600

Property tendered	GFA (sqm)	No. of units
Pak Shing Kok Ventilation Building	27,000	550
Tung Chung Traction Substation	87,300	1,600

Property projects launched	Launch Date	Units Sold (end Dec 2022)
La Marina (THE SOUTHSIDE Package 2)	Sep 2021	83% of 600 units sold
THE PAVILIA FARM (Tai Wai Project)	Oct 2020 - Jun 2021	98% of 3,090 units sold (up to July 2021)
SOUTHLAND (THE SOUTHSIDE Package 1)	May 2021	78% of 800 units sold
LP10 (LOHAS Park Package 10)	Jan 2021	89% of 893 units sold
Villa Garda I (LOHAS Park Package 11)	Jun 2022	79% of 592 units sold
Villa Garda II (LOHAS Park Package 11)	Jul 2022	22% of 644 units sold

1. The amount has been adjusted from the amount disclosed in 2021 interim results to conform to current period's presentation

# Financial Highlights

2022 (HK\$m)	Recurrent Businesses		
	In Hong Kong <sup>(1)</sup>	Outside Hong Kong <sup>(1)</sup>	Total
Revenue from recurrent businesses	21,623	26,016	47,639
Change (% YoY)	(0.8%)	3.9%	1.7%
Recurrent business profit / (loss) <sup>(2)</sup>	384	(227)	157
Change (% YoY)	(60.8%)	n/m	(91.3%)

(HK\$m)	2022	Favourable / (Unfavourable) YoY % Change
Recurrent business profit <sup>(2)</sup>	157	(91.3%)
Property development profit (post-tax)		
Hong Kong	10,413	12.2%
Outside Hong Kong	67	1.5%
<b>Sub-total</b>	<b>10,480</b>	<b>12.2%</b>
Underlying business profit <sup>(2)</sup>	10,637	(4.6%)
Loss from fair value measurement of investment properties (post-tax) <sup>(3)</sup>	(810)	49.3%
<b>Reported net profit attributable to shareholders of the company <sup>(2)</sup></b>	<b>9,827</b>	<b>2.9%</b>
Reported EPS (HK\$)	1.59	2.6%
<b>Underlying businesses EPS (HK\$)</b>	<b>1.72</b>	<b>(4.4%)</b>
Full year ordinary dividend per share (HK\$)	1.31	3.1%

Note:

1. Recurrent business profit/(loss) in Hong Kong includes HK transport operations, HK station commercial, HK property rental and management, other businesses (mainly Investment in Octopus Holding Limited, Ngong Ping 360, and consultancy) and project studies and business development expenses. Recurrent business profit/(loss) outside of Hong Kong includes business development expenses
2. Net of non-controlling interests (2022: HK\$314m profit; 2021: HK\$127m profit)
3. Loss from fair value measurement on investment properties comprises (i) fair value remeasurement of investment properties, (ii) fair value measurement of investment properties on initial recognition from property development, and (iii) related income taxes

n/m: not meaningful

# Segmental Profit/(Loss) of Underlying Businesses

	2022	2021	Favourable/ (Unfavourable) change	
Recurrent EBIT (HK\$m)				%
EBIT <sup>(1)</sup>				
- Hong Kong Transport Operations <sup>(2)</sup>	(4,733)	(4,262)	(471)	(11.1)
- Hong Kong Station Commercial <sup>(2)</sup>	2,270	2,488	(218)	(8.8)
- Total Hong Kong Transport Services <sup>(2)</sup>	(2,463)	(1,774)	(689)	(38.8)
- Hong Kong Property Rental and Management <sup>(2)</sup>	3,800	4,048	(248)	(6.1)
- Mainland China and International Railway, Property Rental and Management Subsidiaries <sup>(3)</sup>	962	622	340	54.7
- Other Businesses, Project Study and Business Development Expenses <sup>(4)</sup>	(539)	(567)	28	4.9
Share of Profit of Associates and Joint Ventures	1,095	968	127	13.1
<b>Recurrent EBIT (before Impairment Loss)</b>	<b>2,855</b>	<b>3,297</b>	<b>(442)</b>	<b>(13.4)</b>
Impairment Loss on Shenzhen Metro Line 4	(962)	-	(962)	n/m
<b>Total Recurrent EBIT (after Impairment Loss)</b>	<b>1,893</b>	<b>3,297</b>	<b>(1,404)</b>	<b>(42.6)</b>
Interest and Finance Charges	(1,061)	(1,045)	(16)	(1.5)
Income Tax	(361)	(317)	(44)	(13.9)
Non-controlling Interests	(314)	(127)	(187)	(147.2)
<b>Recurrent Business Profit</b>	<b>157</b>	<b>1,808</b>	<b>(1,651)</b>	<b>(91.3)</b>
<b>Property Development Profit (Post-tax)</b>	<b>10,480</b>	<b>9,343</b>	<b>1,137</b>	<b>12.2</b>
<b>Underlying Business Profit</b>	<b>10,637</b>	<b>11,151</b>	<b>(514)</b>	<b>(4.6)</b>

Note:

1. EBIT shown are profit/(loss) before interest, finance charges and tax, excluding "Share of Profit of Associates and Joint Ventures" and "Impairment Loss on Shenzhen Metro Line 4"

2. Net of depreciation, amortisation and variable annual payment to KCRC

3. Net of depreciation, amortisation but before impairment loss

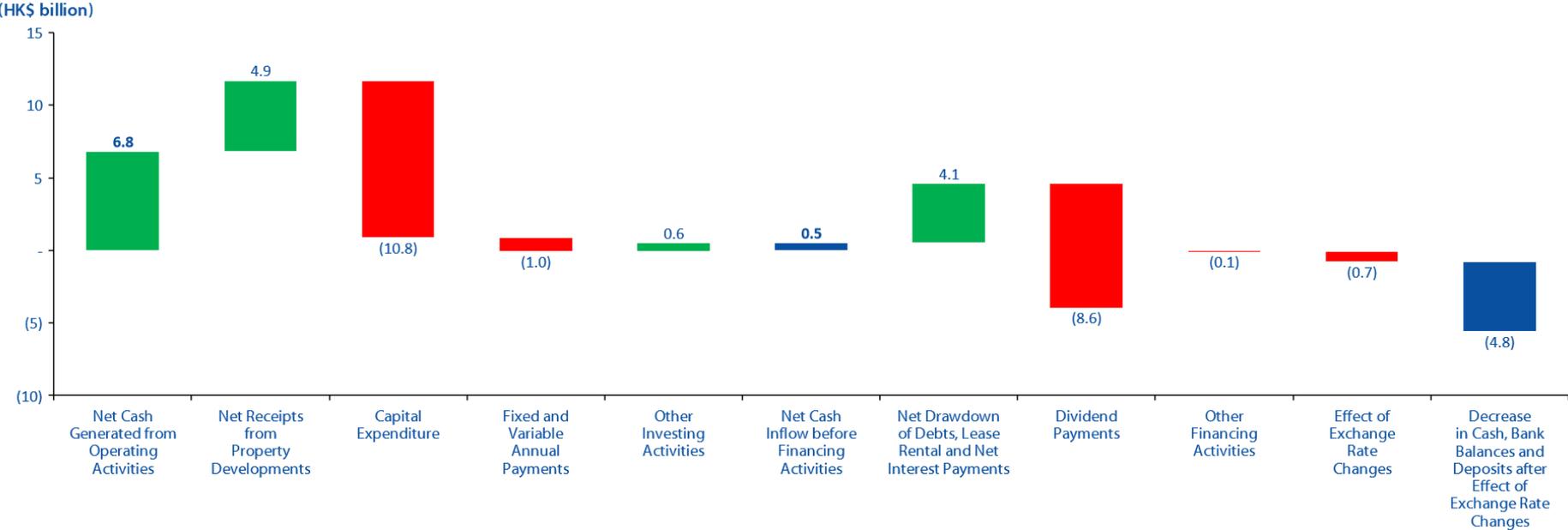
4. Includes consultancy, Ngong Ping 360 and project management for HKSAR Government

n/m: not meaningful

# Consolidated Financial Position

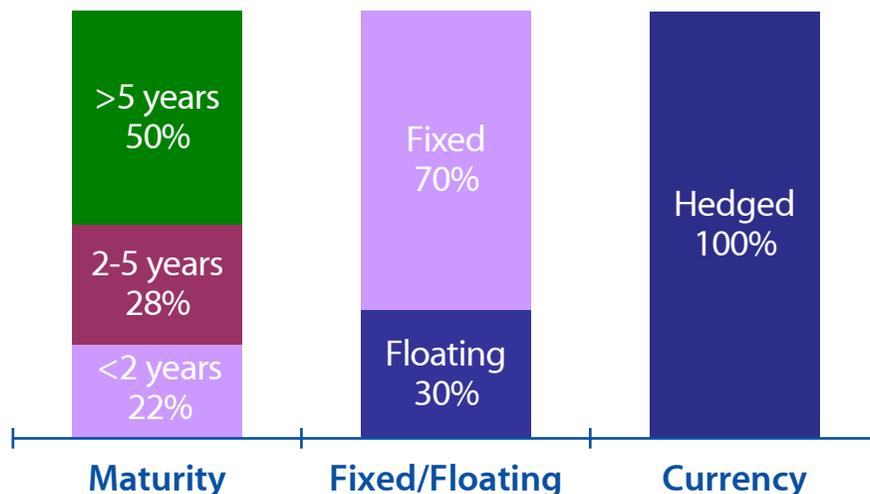
(HK\$m)	31 Dec 2022	31 Dec 2021	Increase/ (Decrease)	%
<b>Assets</b>				
Fixed Assets				
Investment properties	91,671	84,801	6,870	8.1
Other property, plant and equipment	102,297	101,517	780	0.8
Service concession assets	35,523	34,714	809	2.3
	<u>229,491</u>	<u>221,032</u>	8,459	3.8
Property development in progress	41,269	11,215	30,054	268.0
Interests in associates & joint ventures	12,338	12,442	(104)	(0.8)
Debtors and other receivables	13,889	14,797	(908)	(6.1)
Cash, bank balances and deposits	16,134	20,970	(4,836)	(23.1)
Other Assets	13,960	11,626	2,334	20.1
<b>Total Assets</b>	<u>327,081</u>	<u>292,082</u>	34,999	12.0
<b>Liabilities</b>				
Total Loans and Other Obligations	47,846	43,752	4,094	9.4
Creditors and Other Liabilities	74,481	43,644	30,837	70.7
Obligations Under Service Concession	10,142	10,231	(89)	(0.9)
Deferred Tax Liabilities	14,700	14,418	282	2.0
<b>Total Liabilities</b>	<u>147,169</u>	<u>112,045</u>	35,124	31.3
<b>Total Equity</b>	<u>179,912</u>	<u>180,037</u>	(125)	(0.1)

# Consolidated Cash Flows for the Year Ended 31 December 2022



# Financing and Credit Ratios

## Company Debt Profile (31 Dec 2022)<sup>(1)</sup>



Group's consolidated debt position<sup>(2)</sup>:  
HK\$47,846m

(HK\$43,752m as at 31 Dec 2021)

Average cost of interest-bearing borrowings: 2.5% (+0.3% pt YoY)

Interest and finance charges for our recurrent businesses:

HK\$1,061m (+1.5% YoY)

	31 Dec 2022	31 Dec 2021
<b>Net Debt / Equity ratio<sup>(3)</sup></b>	23.3%	18.1%
<b>Interest cover<sup>(4)</sup></b>	14.2x	14.4x
<b>Credit ratings, Long-term ratings (Rating agency)</b>	AA+ / Aa3 / AA+ ( S&P / Moody's / R&I )	

Note:

1. Excluding Mainland China and overseas subsidiaries debts
2. Excluding obligations under service concession
3. Including lease liabilities, obligations under service concession and loan from holders of non-controlling interests as components of debt
4. Operating profit before fair value measurement of investment properties, depreciation, amortisation, impairment loss, variable annual payment, share of profit of associates and joint ventures divided by gross interest and finance charges before capitalisation and utilisation of government subsidy for Shenzhen Metro Line 4 operation

# Capital Expenditure & Investments



## 2023-2025

Hong Kong Railway  
Maintenance CAPEX

HK\$38.2 billion  
59%

Hong Kong  
Property

HK\$7.4  
billion  
11%

Mainland China  
& Overseas Investment

HK\$3.9  
billion  
6%

Hong Kong  
New Railway Projects\*

**Total  
HK\$65.2B**

HK\$15.7  
billion  
24%

### Estimated spend (HK\$Billion):

2023: \$20.2  
2024: \$24.2  
2025: \$20.8  

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Total: \$65.2

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



# Outlook

# Outlook

## Recurrent Businesses in Hong Kong

- Restrictions on international arrivals to Hong Kong were lifted, and in February 2023, cross-boundary travel between Hong Kong and Mainland China had resumed in full
- Expectations in the near term still must be tempered, given the current uncertainty of the global economy, inflationary trends, rising interest rates and heightened geopolitical tensions

## Property Development

- Subject to construction and sales progress, anticipate initial profit booking from LOHAS Park Package 11, THE SOUTHSIDE Package 4 and Ho Man Tin Station Package 2, and booking of gain from fair value measurement of sharing-in-kind THE SOUTHSIDE shopping mall
- Subject to market conditions, tender out Oyster Bay Packages 1 and 2, and Tung Chung East Station Package 1, in the next 12 months or so

## New Projects\*

- Continue to progress various railway projects under RDS 2014
- Opportunities to work on Northern Metropolis Development Strategy projects and enhance the city's connectivity with the Pearl River Delta and Greater Bay Area

## Businesses outside of Hong Kong

- Continue to seek further railway and property development opportunities overseas and in Mainland China

\* Subject to signing project agreements



# Appendix

# Consolidated Cash flow

<i>(HK\$m)</i>	2022	2021	Favourable/ (Unfavourable) change	%
<b>Net Cash Generated from Operating Activities</b>	<b>6,757</b>	<b>7,472</b>	<b>(715)</b>	<b>(9.6)</b>
Net Receipts from Property Development	4,917	16,642	(11,725)	(70.5)
Capital Expenditure	(10,808)	(7,785)	(3,023)	(38.8)
Fixed and Variable Annual Payments	(1,010)	(988)	(22)	(2.2)
Other Investing Activities	589	(704)	1,293	n/m
<b>Net Cash Inflow before Financing Activities</b>	<b>445</b>	<b>14,637</b>	<b>(14,192)</b>	<b>(97.0)</b>
Net Drawdown / (Repayment) of Debts, Lease Rental and Net				
Interest Payments	4,100	(7,317)	11,417	n/m
Dividend Payments	(8,562)	(7,165)	(1,397)	(19.5)
Other Financing Activities	(109)	(49)	(60)	(122.4)
Effect of Exchange Rate Changes	(710)	(42)	(668)	n/m
<b>(Decrease) / Increase in Cash, Bank Balances and Deposits</b>	<b>(4,836)</b>	<b>64</b>	<b>(4,900)</b>	<b>n/m</b>

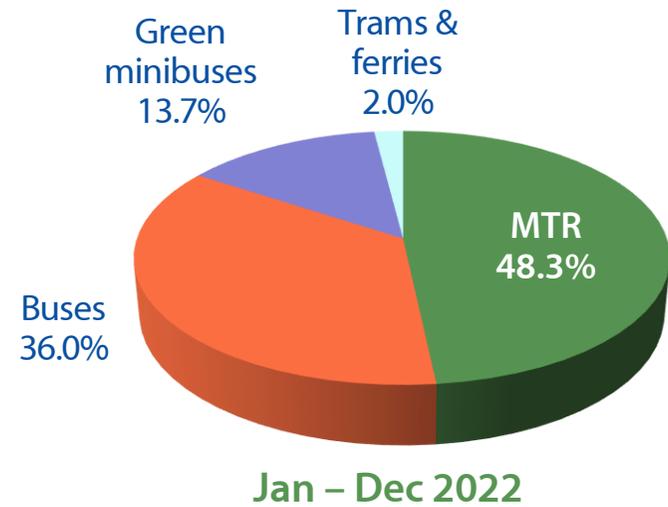
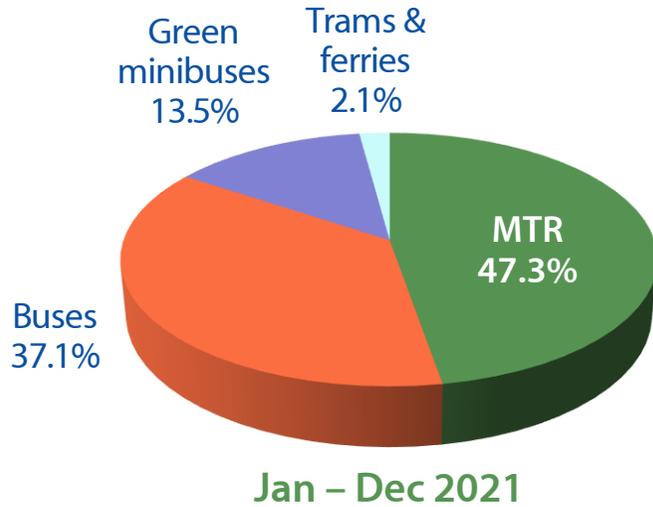
n/m: not meaningful

# Hong Kong Transport Operations

	2022	2021	Favourable/ (Unfavourable) change (%)
<b>Patronage (million)</b>			
- Domestic Service	1,334.6	1,421.7	(6.1)
- Cross-boundary Service	0.4	0.5	(11.7)
- High Speed Rail	-	-	n/m
- Airport Express	3.1	2.2	44.2
- Light Rail and Bus	180.0	191.9	(6.3)
- Intercity	-	-	n/m
<b>Total</b>	<b>1,518.1</b>	<b>1,616.3</b>	<b>(6.1)</b>
<b>Average fare (HK\$)</b>			
- Domestic Service	8.06	7.64	5.5
- Cross-boundary Service	9.55	9.85	(3.1)
- High Speed Rail	-	-	n/m
- Airport Express	41.27	41.27	-
<b>Profit or Loss (HK\$m)</b>			
- Domestic Service	11,245	11,067	1.6
- Cross-boundary Service	4	5	(20.0)
- High Speed Rail	1,401	1,363	2.8
- Airport Express	128	89	43.8
- Light Rail and Bus	561	583	(3.8)
- Intercity	-	-	n/m
- Others	65	70	(7.1)
<b>Total Revenue</b>	<b>13,404</b>	<b>13,177</b>	<b>1.7</b>
Staff Costs and Related Expenses	(6,341)	(6,155)	(3.0)
Maintenance and Related Works	(2,221)	(2,339)	5.0
Energy and Utilities	(1,991)	(1,801)	(10.5)
General and Administration Expenses	(878)	(838)	(4.8)
Stores and Spares Consumed	(636)	(588)	(8.2)
Railway Support Services	(186)	(244)	23.8
Government Rent and Rates	(155)	(156)	0.6
Other Expenses	(305)	(222)	(37.4)
<b>EBITDA</b>	<b>691</b>	<b>834</b>	<b>(17.1)</b>
Depreciation and amortization	(5,151)	(4,882)	(5.5)
Variable Annual Payment	(273)	(214)	(27.6)
<b>EBIT</b>	<b>(4,733)</b>	<b>(4,262)</b>	<b>(11.1)</b>
EBITDA Margin (%)	5.2%	6.3%	(1.1)%pts
EBIT Margin (%)	(35.3)%	(32.3)%	(3.0)%pts
n/m: not meaningful			

# Hong Kong Transport Operations: Market Share

## Hong Kong Franchised Public Transport



Sources: The Transport Department / Immigration Department / Airport Authority Hong Kong

1. Calculation based on the proportion of air passenger using Airport Express over the total air passenger figures reported by the Airport Authority Hong Kong

2. Cross-boundary & HSR were suspended during the year

# Hong Kong Station Commercial

Hong Kong Station Commercial (HK\$m)	2022	2021	Favourable/ (Unfavourable) change (%)
- Station Retail Rental Revenue	1,544	1,594	(3.1)
- Advertising Revenue	836	894	(6.5)
- Telecommunication Income	616	631	(2.4)
- Other Station Commercial Income	81	89	(9.0)
<b>Total Revenue</b>	<b>3,077</b>	<b>3,208</b>	(4.1)
Operating expenses	(522)	(480)	(8.8)
<b>EBITDA</b>	<b>2,555</b>	<b>2,728</b>	(6.3)
Depreciation and Amortisation	(237)	(195)	(21.5)
Variable Annual Payment	(48)	(45)	(6.7)
<b>EBIT</b>	<b>2,270</b>	<b>2,488</b>	(8.8)
EBITDA Margin (%)	83.0%	85.0%	(2.0)%pts
EBIT Margin (%)	73.8%	77.6%	(3.8)%pts
Average Occupancy Rate (% , Station Kiosks)	97.3%	98.0%	(0.7)%pt
Rental Reversion (% , Station Kiosks)	(14.6)%	(17.0)%	(2.4)%pts

Note: Rental concessions were granted to tenants who were affected by station closures and suspended cross-boundary rail services following boarder shutdowns, as well as other station shop tenants during COVID-19 outbreak.

# Hong Kong Property Rental and Management; and Hong Kong Property Development

Hong Kong Property Rental and Management (HK\$m)	2022	2021	Favourable/ (Unfavourable) change (%)
- Property Rental	4,525	4,787	(5.5)
- Property Management	254	249	2.0
<b>Total Revenue</b>	<b>4,779</b>	<b>5,036</b>	<b>(5.1)</b>
Operating Expenses	(964)	(970)	0.6
<b>EBITDA</b>	<b>3,815</b>	<b>4,066</b>	<b>(6.2)</b>
Depreciation and Amortisation	(13)	(17)	23.5
Variable Annual Payment	(2)	(1)	(100.0)
<b>EBIT</b>	<b>3,800</b>	<b>4,048</b>	<b>(6.1)</b>
EBITDA Margin (%)	79.8%	80.7%	(0.9)%pt
EBIT Margin (%)	79.5%	80.4%	(0.9)%pt
Average Occupancy Rate (% Malls)	99.0%	98.0%	+1.0%pt
Average Occupancy Rate (% Two ifc)	94.0%	98.0%	(4.0)%pts
Rental Reversion (% Malls)	(9.0)%	(8.6)%	(0.4)%pt

Hong Kong Property Development (HK\$m)	2022	2021	Favourable/ (Unfavourable) change (%)
- Share of Surplus and Interest in Unsold Properties from Property Development	11,473	11,048	3.8
- Agency Fee and Other Income from West Rail Property Development	128	67	91.0
- Overheads and Miscellaneous Studies	(12)	(18)	33.3
<b>Hong Kong property development profit (pre-tax)</b>	<b>11,589</b>	<b>11,097</b>	<b>4.4</b>
<b>Hong Kong property development profit (post-tax)</b>	<b>10,413</b>	<b>9,277</b>	<b>12.2</b>

Note: Relief measures were provided to tenants during the pandemic, which were granted on a case-by-case basis with priority given to small to medium tenants

Hong Kong property development profit was primarily derived from LP10, SOUTHLAND and La Marina in 2022

n/m: not meaningful

# Mainland China and International Businesses

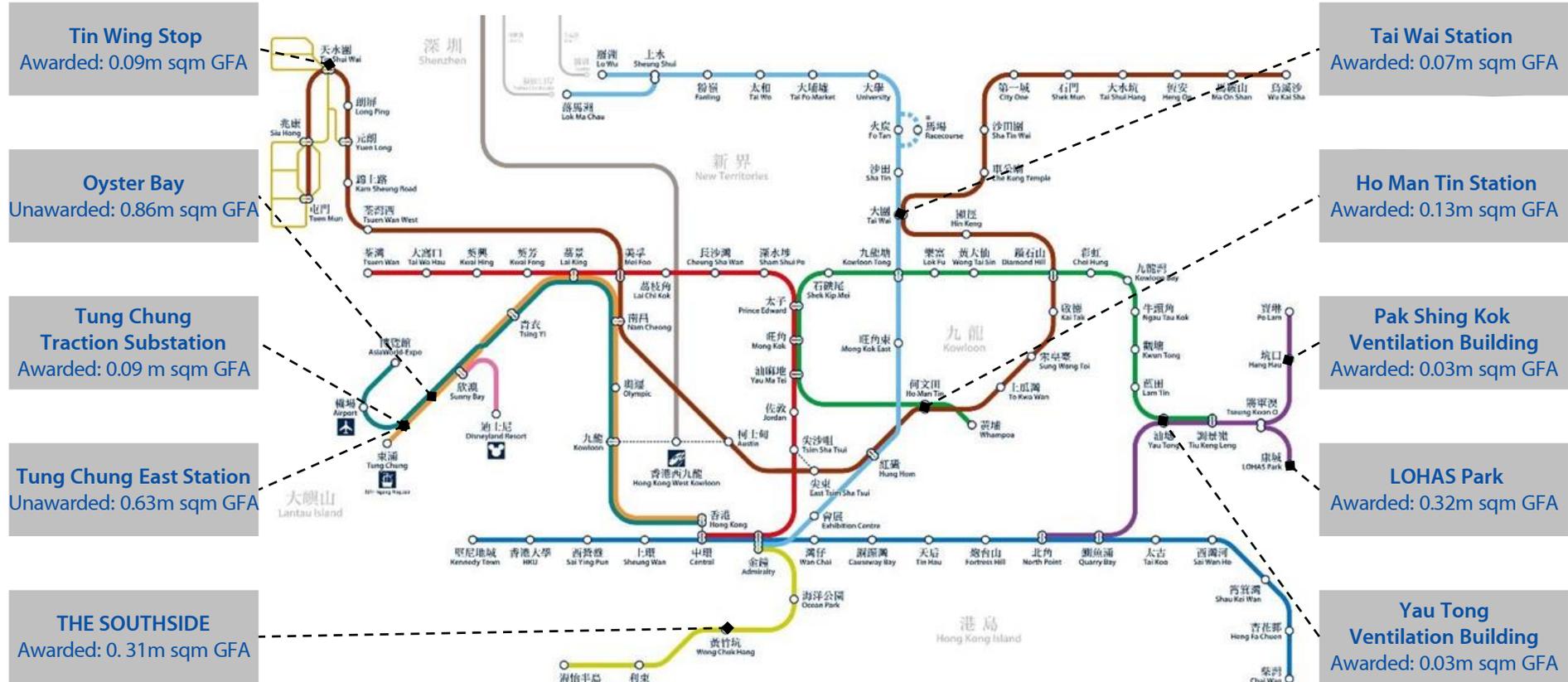
<i>(HK\$m)</i>	2022	2021	Favourable/ (Unfavourable) change (%)
<b>Recurrent Businesses of Subsidiaries</b>			
Total Revenue	26,016	25,045	3.9
- Melbourne Train	997	332	200.3
- Sydney Metro Northwest	30	41	(26.8)
- Sydney Metro City & Southwest	135	15	800.0
- Nordic Group	(75)	164	n/m
- London Elizabeth Line	73	122	(40.2)
- Shenzhen Metro Line 4	(24)	61	n/m
- Others	129	155	(16.8)
<b>EBITDA</b>	<b>1,265</b>	<b>890</b>	<b>42.1</b>
Depreciation and Amortisation	(303)	(268)	(13.1)
<b>EBIT*</b>	<b>962</b>	<b>622</b>	<b>54.7</b>
EBITDA Margin (%)	4.9%	3.6%	+1.3%pts
EBIT Margin (%)	3.7%	2.5%	+1.2%pts
<b>Recurrent Business Profit*</b>	<b>295</b>	<b>312</b>	<b>(5.4)</b>
<b>Associates &amp; Joint Ventures</b>			
Share of Profit	695	736	(5.6)
<b>Profit/(Loss) Attributable to Shareholders of the Company</b>			
<b>Arising from Recurrent Businesses (before Business Development Expenses and Impairment Loss)</b>	<b>990</b>	<b>1,048</b>	<b>(5.5)</b>
Business Development Expenses	(255)	(219)	(16.4)
<b>Arising from Recurrent Businesses (after Business Development Expenses but before Impairment Loss)</b>	<b>735</b>	<b>829</b>	<b>(11.3)</b>
Impairment Loss on Shenzhen Metro Line 4	(962)	-	n/m
<b>Arising from Recurrent Businesses (after Business Development Expenses and Impairment Loss)</b>	<b>(227)</b>	<b>829</b>	<b>n/m</b>
Arising from Mainland China Property Development	67	66	1.5
<b>Arising from Underlying Profit</b>	<b>(160)</b>	<b>895</b>	<b>n/m</b>

\* Excluding the impairment loss of HK\$962 million on SZL4 in Mainland China in 1H2022

Note: While COVID-19 affected passenger numbers, patronage losses had varied impacts on our financial performance depending on the business models for different business contracts.

n/m: not meaningful

# Landbank



Note: Residential GFA: 1.01m sqm (awarded); 1.29m sqm (unawarded)  
 Shopping mall GFA: 0.05m sqm (awarded); 0.09m sqm (unawarded)  
 Office GFA: 0.11m sqm (unawarded)

# Hong Kong Property Development

Development profit yet to be booked: ~17,000 residential units (GFA : 1.01 million sqm)

	Property Project Tender	Date of Tender Award	Developer partners	Residential Gross Floor Area (sq m)	Units	Profit model			Expected completion
						Lump-sum upfront and/or backend	Share of surplus proceeds	Sharing in kind	
1	Tai Wai Station Phase 3	Oct 2014	New World	65,750	892		✓		2024
2	Tin Wing Stop	Feb 2015	Sun Hung Kai	91,051	1,918		✓		2024
3	Ho Man Tin Station Package 1	Dec 2016	Great Eagle	69,000	990	✓	✓		2024
4	Yau Tong Ventilation Building	May 2018	Sino Land & CSI Properties	30,225	792	✓	✓		2025
5	THE SOUTHSIDE Package 3	Aug 2018	Cheung Kong	92,900	1,200	✓	✓	✓	2025
6	Ho Man Tin Station Package 2	Oct 2018	Chinachem	59,400	845	✓	✓		2024
7	LOHAS Park Package 11	Apr 2019	Sino Land, K. Wah, China Merchants	88,858	1,880	✓	✓		2025
8	THE SOUTHSIDE Package 4	Oct 2019	Kerry Properties, Swire Properties, Sino Land	59,300	800	✓	✓		2025
9	LOHAS Park Package 12	Feb 2020	Wheelock	89,290	1,985	✓	✓		2026
10	LOHAS Park Package 13	Oct 2020	Sino Land, Kerry Properties, K. Wah & China Merchants	143,694	2,550	✓	✓		2026
11	THE SOUTHSIDE Package 5	Jan 2021	New World, Empire Development, CSI Properties and Lai Sun Dev	59,100	824	✓	✓		2026
12	THE SOUTHSIDE Package 6	Apr 2021	Wheelock	46,800	615	✓	✓		2027
13	Pak Shing Kok Ventilation Building	Apr 2022	New World and China Merchants Land	27,000	550	✓	✓		2031
14	Tung Chung Traction Substation	Jul 2022	Chinachem	87,300	1,600	✓	✓		2031

Note: Not including unawarded Property Development projects



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