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 2014

HIGHLIGHTS

Financial

- Total revenue increased 1.3% to HK$19,471 million; Revenue excluding Mainland of China and international subsidiaries increased 7.6% to HK$13,121 million
- Post-tax underlying profit

Recurrent business profit	HK$ 4,186 million	up 10.0%
Property development profit	HK$ 203 million	down 54.6%
	HK$ 4,389 million	up 3.2%

- Reported profit, after investment property revaluation, was HK$7,912 million, an increase of 28.5%
- Earnings per share on underlying profit of HK$0.76
- Net assets increased 2.7% to HK$156,829 million
- Net debt-to-equity ratio at 8.6%
- Interim dividend of HK$0.25 per share declared (with scrip dividend alternative)

Operational

- Total patronage from Hong Kong transport operations increased 3.0% to 909.4 million
- On-time performance of Hong Kong heavy rail maintains at 99.9%
- Delays announced in a number of new rail lines under construction in Hong Kong with revised estimated project costs
- Pre-sold over 99% of units of Grand Austin at Austin Station Site D and over 90% of City Point at Tsuen Wan West Station, where the Company acts as agent
- Tender for LOHAS Park Package 4 was awarded in April 2014
- Awarded the UK Crossrail Train Operating Concession franchise
- MTR Consortium was selected as the preferred operator for the Australia North West Rail Link Public-Private-Partnership project in July 2014

Outlook

- Hong Kong rail business should see stable patronage growth
- Pre-sale of LOHAS Park Package 3 is expected later this year, subject to market conditions and construction progress
- Tenders for Tai Wai Station, LOHAS Park Package 5 and Tin Wing Stop (Light Rail) may be invited before end of this year, subject to market conditions

The Directors of the Company are pleased to announce the unaudited interim results of the Company and its subsidiaries ("the Group") for the half year ended 30 June 2014 as follows:

CONSOLIDATED PROFIT AND LOSS ACCOUNT (HK$ MILLION)

	Half year ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
Revenue from Hong Kong transport operations	**7,729**	7,258
Revenue from Hong Kong station commercial businesses	**2,377**	2,194
Revenue from Hong Kong property rental and management businesses	**2,026**	1,842
Revenue from Mainland of China and international subsidiaries	**6,350**	7,025
Revenue from other businesses	**989**	895
	19,471	19,214
Expenses relating to Hong Kong transport operations		
- Staff costs and related expenses	**(1,988)**	(1,916)
- Energy and utilities	**(648)**	(604)
- Operational rent and rates	**(134)**	(127)
- Stores and spares consumed	**(247)**	(232)
- Maintenance and related works	**(555)**	(518)
- Railway support services	**(123)**	(119)
- General and administration expenses	**(196)**	(187)
- Other expenses	**(111)**	(119)
	(4,002)	(3,822)
Expenses relating to Hong Kong station commercial businesses	**(226)**	(206)
Expenses relating to Hong Kong property rental and management businesses	**(331)**	(304)
Expenses relating to Mainland of China and international subsidiaries	**(5,922)**	(6,565)
Expenses relating to other businesses	**(896)**	(830)
Project study and business development expenses	**(263)**	(155)
Operating expenses before depreciation, amortisation and variable annual payment	**(11,640)**	(11,882)
Operating profit before Hong Kong property development, depreciation, amortisation and variable annual payment	**7,831**	7,332
Profit on Hong Kong property development	**245**	531
Operating profit before depreciation, amortisation and variable annual payment	**8,076**	7,863
Depreciation and amortisation	**(1,688)**	(1,641)
Variable annual payment	**(701)**	(589)
Operating profit before interest and finance charges	**5,687**	5,633
Interest and finance charges	**(274)**	(435)
Investment property revaluation	**3,523**	1,907
Share of profit or loss of associates	**129**	51
Profit before taxation	**9,065**	7,156

	Half year ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
Income tax	**(1,063)**	(900)
Profit for the period	**8,002**	6,256
Attributable to:		
- Equity shareholders of the Company	**7,912**	6,158
- Non-controlling interests	**90**	98
Profit for the period	**8,002**	6,256
Profit for the period attributable to equity shareholders of the Company:		
- Arising from underlying businesses before property development	**4,186**	3,804
- Arising from property development	**203**	447
- Arising from underlying businesses	**4,389**	4,251
- Arising from investment property revaluation	**3,523**	1,907
	7,912	6,158
Earnings per share:		
- Basic	**HK$1.36**	HK$1.06
- Diluted	**HK$1.36**	HK$1.06

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (HK$ MILLION)

	Half year ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
Profit for the period	**8,002**	6,256
Other comprehensive income for the period (after taxation and reclassification adjustments):		
Item that will not be reclassified to profit or loss:		
- Surplus on revaluation of self-occupied land and buildings	**43**	255
Items that may be reclassified subsequently to profit or loss:		
- Exchange differences on translation of:		
- financial statements of overseas subsidiaries and associates	**(138)**	29
- non-controlling interests	**11**	(26)
- Cash flow hedges: net movement in hedging reserve	**34**	38
	(93)	41
	(50)	296
Total comprehensive income for the period	**7,952**	6,552

	Half year ended 30 June	
	2014 (Unaudited)	2013 (Unaudited)
Attributable to:		
- Equity shareholders of the Company	**7,851**	6,480
- Non-controlling interests	**101**	72
Total comprehensive income for the period	**7,952**	6,552

CONSOLIDATED BALANCE SHEET (HK$ MILLION)

	As at 30 June 2014 (Unaudited)	As at 31 December 2013 (Audited)
Assets		
Fixed assets		
- Investment properties	**64,982**	61,285
- Other property, plant and equipment	**75,528**	76,277
- Service concession assets	**25,842**	25,594
	166,352	163,156
Property management rights	**31**	31
Railway construction in progress	**14,888**	11,548
Property development in progress	**9,217**	11,233
Deferred expenditure	**15**	4
Interests in associates	**5,673**	5,277
Deferred tax assets	**31**	29
Investments in securities	**515**	472
Properties held for sale	**1,100**	1,105
Derivative financial assets	**198**	115
Stores and spares	**1,346**	1,281
Debtors, deposits and payments in advance	**2,656**	3,621
Amounts due from related parties	**1,236**	654
Cash, bank balances and deposits	**18,328**	17,297
	221,586	215,823
Liabilities		
Bank overdrafts	**16**	47
Short-term loans	**375**	-
Creditors and accrued charges	**14,956**	13,793
Current taxation	**905**	349
Contract retentions	**1,039**	986
Amounts due to related parties	**4,346**	1,388
Loans and other obligations	**20,689**	24,464
Obligations under service concession	**10,631**	10,658
Derivative financial liabilities	**270**	389
Loan from holders of non-controlling interests	**142**	135
Deferred income	**991**	623
Deferred tax liabilities	**10,397**	10,289
	64,757	63,121
Net assets	**156,829**	152,702

	As at 30 June 2014 (Unaudited)	As at 31 December 2013 (Audited)
Capital and reserves		
Share capital and other statutory capital reserves	**44,521**	44,442
Other reserves	**112,088**	108,115
Total equity attributable to equity shareholders of the Company	**156,609**	152,557
Non-controlling interests	**220**	145
Total equity	**156,829**	152,702

Notes: -

1. INDEPENDENT REVIEW

The interim results for the half year ended 30 June 2014 are unaudited but have been reviewed 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"), by KPMG whose unmodified review report is included in the interim report to be sent to shareholders. The interim results have also been reviewed by the Group's Audit Committee.

2. BASIS OF PREPARATION

These unaudited consolidated accounts should be read in conjunction with the 2013 annual accounts. The HKICPA has issued a number of amendments to Hong Kong Financial Reporting Standards that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's accounts:

- Amendments to HKAS 32, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*
- Amendments to HKAS 36, *Impairment of Assets – Recoverable Amount Disclosures for Non-financial Assets*
- Amendments to HKAS 39, *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*

The amendments to HKAS 32 clarify the offsetting criteria in HKAS 32. These amendments do not have an impact on the Group's interim financial report.

The amendments to HKAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, the amendments expand the disclosures required for impaired assets or cash-generating units whose recoverable amount is based on fair value less costs of disposal. The adoption of these amendments does not have an impact on the Group's interim financial report.

The amendments to HKAS 39 provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments do not have an impact on the Group's interim financial report as the Group has not novated any of its derivatives.

Under the new Hong Kong Companies Ordinance (Cap. 622), which commenced operation on 3 March 2014, the concept of authorised share capital no longer exists. In accordance with section 135 of the new Hong Kong Companies Ordinance (Cap. 622), the Company's shares no longer have a par or nominal value with effect from 3 March 2014. There is no impact on the number of shares in issue or the relative entitlement of any of the members as a result of this transition. In accordance with the transitional provisions set out in section 37 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), any amount standing to the credit of the share premium account and the capital reserve has become part of the Company's share capital on 3 March 2014.

3. RETAINED PROFITS

The movements of the retained profits during the half year ended 30 June 2014 and the year ended 31 December 2013 were as follows:

HK$ Million	
Balance as at 1 January 2014	**104,965**
Profit for the period attributable to equity shareholders of the Company	**7,912**
Employee share options forfeited	**1**
Dividends declared and approved	**(3,886)**
Balance as at 30 June 2014	**108,992**

HK$ Million	
Balance as at 1 January 2013	95,832
Profit for the year attributable to equity shareholders of the Company	13,025
Other comprehensive income for the year	686
Employee share options forfeited	2
Dividends declared and approved	(4,580)
Balance as at 31 December 2013	104,965

4. PROFIT ON HONG KONG PROPERTY DEVELOPMENT

Profit on Hong Kong property development comprises:

	Half year ended 30 June	
HK$ Million	**2014**	2013
Share of surplus from property development	**60**	490
Income from receipt of properties for investment purpose	**-**	44
Agency fee and other income from West Rail property development	**196**	5
Other overhead costs net of miscellaneous income	**(11)**	(8)
	245	531

5. INCOME TAX

	Half year ended 30 June	
HK$ Million	**2014**	2013
Current tax		
- Provision for Hong Kong Profits Tax for the period	**876**	696
- Mainland of China and overseas tax for the period	**100**	105
	976	801
Deferred tax		
- Origination and reversal of temporary differences on:		
- tax losses	**-**	7
- depreciation allowances in excess of related depreciation	**112**	89

HK$ Million	Half year ended 30 June **2014**	2013
- provision and others	**(25)**	3
	87	99
Income tax in the consolidated profit and loss account	**1,063**	900
Share of income tax expense of associates	**33**	34

The provision for Hong Kong Profits Tax for the half year ended 30 June 2014 is calculated at 16.5% (2013: 16.5%) on the estimated assessable profits for the period after deducting accumulated tax losses brought forward, if any. Current taxes for the Mainland of China and overseas subsidiaries are charged at the appropriate current rates of taxation ruling in the relevant countries.

Provision for deferred tax on temporary differences arising in Hong Kong is calculated at the Hong Kong Profits Tax rate at 16.5% (2013: 16.5%) while those arising in the Mainland of China and overseas are calculated at the appropriate current rates of taxation ruling in the relevant countries.

6. DIVIDEND

The Board has resolved to pay an interim dividend of HK$0.25 per share. The Company proposes that a scrip dividend option will be offered to all shareholders except for shareholders with registered addresses in the United States of America or any of its territories or possessions. The interim dividend, with a scrip dividend option, will be distributed on or about 30 October 2014 to shareholders whose names appear on the Register of Members of the Company as at the close of business on 15 September 2014.

7. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity shareholders for the half year ended 30 June 2014 of HK$7,912 million (2013: HK$6,158 million) and the weighted average number of ordinary shares in issue during the period of 5,799,238,536 (2013: 5,795,654,610).

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders for the half year ended 30 June 2014 of HK$7,912 million (2013: HK$6,158 million) and the weighted average number of ordinary shares in issue during the period of 5,802,332,891 (2013: 5,802,552,504) after adjusting for the number of dilutive potential ordinary shares under the employee share option schemes.

Both basic and diluted earnings per share would have been HK$0.76 (2013: HK$0.73) if the calculation is based on profit attributable to equity shareholders of the Company arising from underlying businesses of HK$4,389 million (2013: HK$4,251 million).

8. SEGMENTAL INFORMATION

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 six reportable segments:

(i) Hong Kong transport operations: The provision of passenger operation and related services on the urban 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 the border of the Mainland of China at Lo Wu and Lok Ma Chau, light rail and bus feeder with railway system in the north-west New Territories and intercity railway transport with certain cities in the Mainland of China.

(ii) Hong Kong station commercial businesses: Commercial activities including the letting of advertising, retail and car parking space at railway stations, the provision of telecommunication and bandwidth services in railway 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 space and the provision of estate management services in Hong Kong.

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

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

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

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

	Turnover		**Contribution to profit**	
	Half year ended 30 June		**Half year ended 30 June**	
HK$ Million	**2014**	2013	**2014**	2013
Hong Kong transport operations	**7,729**	7,258	**1,669**	1,508
Hong Kong station commercial businesses	**2,377**	2,194	**1,896**	1,767
Hong Kong property rental and management businesses	**2,026**	1,842	**1,688**	1,533
Mainland of China and international affiliates	**6,350**	7,025	**390**	415
Other businesses	**989**	895	**62**	34
	19,471	19,214	**5,705**	5,257
Hong Kong property development			**245**	531
Project study and business development expenses			**(263)**	(155)
			5,687	5,633
Interest and finance charges			**(274)**	(435)
Investment property revaluation			**3,523**	1,907
Share of profit or loss of associates			**129**	51
Income tax			**(1,063)**	(900)
			8,002	6,256

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	Half year ended 30 June **2014**	2013
Hong Kong (place of domicile)	**13,088**	12,170
Australia	**4,293**	5,060
Mainland of China	**364**	302
Sweden	**1,700**	1,666
Other countries	**26**	16
	6,383	7,044
	19,471	19,214

9. RAILWAY CONSTRUCTION IN PROGRESS UNDER ENTRUSTMENT BY THE HKSAR GOVERNMENT – HONG KONG SECTION OF THE GUANGZHOU-SHENZHEN-HONG KONG EXPRESS RAIL LINK ("XRL") PROJECT

On 24 November 2008, the HKSAR Government and the Company entered into an entrustment agreement for the design of and site investigation and procurement activities in relation to the XRL (the "XRL Preliminary Entrustment Agreement"). Pursuant to the XRL 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.

In 2009, the HKSAR Government decided that the Company should be asked to proceed with the construction, testing and commissioning of the XRL on the understanding that the Company would subsequently be invited to undertake the operation of the XRL under the service concession approach. On 26 January 2010, the HKSAR Government and the Company entered into another entrustment agreement for the construction, and commissioning of the XRL (the "XRL Entrustment Agreement"). Pursuant to the XRL 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 XRL and the HKSAR Government, as owner of XRL, 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 HK$4,590 million in accordance with an agreed payment schedule (the "Project Management Fee"). As at 30 June 2014 and up to the date of the interim report, the Company has received payments from the HKSAR Government in accordance with the payment schedule.

Under the XRL Entrustment Agreement, in the event that a material modification to the programme for the execution of the entrustment activities is likely to result in a material increase or decrease in project management responsibilities or costs of the Company, the Company and the HKSAR Government are to negotiate in good faith to agree an increase or, as the case may be, decrease in the Project Management Fee. Further, under the XRL Entrustment Agreement, certain payments by the HKSAR Government (including the Project Management Fee) are subject to a maximum annual aggregate limit of HK$2 billion and a total limit of HK$10 billion.

The HKSAR Government has the right to claim against the Company if the Company breaches the XRL Entrustment Agreement and, under the XRL 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 XRL Entrustment Agreement or breach by the Company of the XRL Entrustment Agreement. Under the XRL Entrustment Agreement, the Company's total aggregate liability to the HKSAR

Government arising out of or in connection with the XRL Preliminary Entrustment Agreement and the XRL Entrustment Agreement (other than for death or personal injury) is limited to the total aggregate value of certain specified amounts that have been and will be received by the Company from the HKSAR Government under the XRL Preliminary Entrustment Agreement and the fees that have been and will be received by the Company from the HKSAR Government under the XRL Entrustment Agreement.

In April 2014, the Company announced that the construction period for the XRL project needed to be extended, with the opening of the line for passenger service now expected in 2017 (the "Revised Timeline"). In July 2014, the Company provided an update project cost estimate for the XRL project (of HK$71.52 billion, inclusive of future insurance and project management costs) to the HKSAR Government. The HKSAR Government is reviewing the Revised Timeline and the updated project cost estimate and the Company is cooperating to provide additional information to assist the HKSAR Government in its review. Given (i) the XRL Entrustment Agreement provides that the HKSAR Government shall bear and finance the full amount of the Entrustment Cost; (ii) the negotiations, pursuant to the XRL Entrustment Agreement, to agree a variation in the Project Management Fee have not commenced (as of 30 June 2014 and up to the date of the interim report); and (iii) the Company has not received any notification from the HKSAR Government of any claim by the HKSAR Government against the Company in relation to the setting of the Revised Timeline (as of 30 June 2014 and up to the date of the interim report), the Company is not able to estimate reliably the financial effect on the Company, if any, arising from the setting of the Revised Timeline. The Company will reassess its position from time to time.

10. DEBTORS AND CREDITORS

A As at 30 June 2014, the Group's debtors, deposits and payments in advance amounted to HK$2,656 million (31 December 2013: HK$3,621 million), of which debtors accounted for HK$2,089 million (31 December 2013: HK$3,046 million). Receivables in respect of rentals, advertising and telecommunication activities are due from immediately to 50 days. Receivables in respect of income from railway subsidiaries outside of Hong Kong, 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. As at 30 June 2014, HK$377 million (31 December 2013: HK$450 million) were overdue, out of which HK$66 million (31 December 2013: HK$63 million) were overdue by more than 30 days.

B As at 30 June 2014, creditors and accrued charges amounted to HK$14,956 million (31 December 2013: HK$13,793 million). As at 30 June 2014, HK$3,754 million (31 December 2013: HK$4,820 million) of creditors and accrued charges were due within 30 days or on demand whilst the remainder was not yet due.

11. PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Group redeemed its US$600 million bonds on 21 January 2014. The bonds were listed on the London Stock Exchange prior to the redemption.

Saved as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Group's listed securities during the six months ended 30 June 2014.

12. CHARGE ON GROUP ASSETS

As at 30 June 2014, MTR Corporation (Shenzhen) Limited, an indirect wholly owned subsidiary of the Company in the Mainland of China, has pledged the fare and non-fare revenues and the benefits of insurance contracts in relation to Phase 2 of Shenzhen Metro Longhua Line as security for a RMB4,000 million bank loan facility granted to it.

As at 30 June 2014, MTR Property Development (Shenzhen) Company Limited, an indirect wholly owned subsidiary of the Company in the Mainland of China, has mortgaged its land use rights and pledged its accounts receivable in relation to the property development project at Shenzhen Metro Longhua Line Depot Site Lot 1 as security for a RMB1,950 million bank loan facility granted to it.

Apart from the above, none of the other assets of the Group was charged or subject to any encumbrance as at 30 June 2014.

13. CORPORATE GOVERNANCE

During the six months' period ended 30 June 2014, the Company has complied with the Code Provisions set out in the Corporate Governance Code, contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Following the Company's Annual Results Announcement for the year ended 31 December 2013, the Company has obtained shareholders' approval at its 2014 Annual General Meeting to amend the Company's Articles of Association (the "AoA") to align with the new Companies Ordinance (Cap. 622 of the Laws of Hong Kong) (the "CO") which came into operation on 3 March 2014. Furthermore, in light of the CO provision, the Company has also updated the "Appointment Procedure for Members of the Board of the Company" (the "Procedure"). Both the amended AoA and the updated Procedure are available on the Company's website, and the amended AoA is also available on the website of The Stock Exchange of Hong Kong Limited ("HKSE").

In April 2014, the Company announced the Revised Timeline for the XRL project. In light of the public's concern about the Revised Timeline, the Board resolved, on 29 April 2014, to establish an Independent Board Committee (the "IBC") to review the background of and reasons for the Revised Timeline for the XRL project. The IBC was also asked to advise on the manner in which the Company can deliver the XRL project in a transparent and timely manner and in accordance with the Company's responsibilities under the Entrustment Agreements made between the Company and the HKSAR Government dated 24 November 2008 and 26 January 2010 respectively (the "XRL Entrustment Agreements").

The IBC is chaired by Professor Frederick Ma Si-hang with five other Members comprising the following Independent Non-executive Directors of the Company - Dr. Dorothy Chan Yuen Tak-fai, Mr. Edward Ho Sing-tin, Mr. Alasdair George Morrison, Mr. Abraham Shek Lai-him, and Mr. T. Brian Stevenson.

On 16 July 2014, the IBC issued its first report (the "First Independent Committee Report") regarding XRL and, as a result of its findings, the IBC recommended certain enhancements to the Company's systems and processes, including enhanced project reporting, establishment of a Capital Works Committee (the "CWC") (which should be chaired by an Independent Non-executive Director of the Company) and a more strategic approach to corporate communications.

The IBC will prepare a second report on the manner in which the Company can deliver the XRL project in a transparent and timely manner and in accordance with the Company's obligations under the XRL Entrustment Agreements. The IBC has appointed two independent experts who have specific expertise in relation to management of projects of this type to assist it with its review. It is currently expected that this second report will be issued in October 2014.

To maintain the highest standard of corporate governance, the Board, on 21 August 2014, approved the setting up of two new committees, the CWC and the Risk Committee (the "RisC").

The principal duties of the CWC are to oversee any project involving design and/or construction with a capital value in excess of a value as assessed by the Board and to report to the Board on the progress of the relevant projects, from both a programme and cost perspective.

As regards the RisC, its principal duties are to monitor the Company's risk profile and to review the Company's top risks (including, without limitation, operational, service performance, regulatory, financial and organisational risks), enterprise risk management framework and effectiveness.

The terms of reference of the CWC and the RisC are available on the websites of the Company and HKSE.

Mr. Jay Herbert Walder stepped down as the Chief Executive Officer of the Company (the "CEO") with effect from 15 August 2014. His position as a Member of the Board and a Member of the Executive Directorate also ended on that date.

The Company is undertaking a worldwide search to identify the right candidate for the post of the CEO.

Mr. Lincoln Leong Kwok-kuen, formerly the Deputy CEO, assumed the role of Acting CEO to manage the duties and responsibilities of the CEO starting from 16 August 2014 until a new CEO is appointed by the Company.

14. 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. 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 late September 2014.

KEY STATISTICS

	Half year ended 30 June	
	2014	2013
Total passenger boardings in Hong Kong (in millions)		
- Domestic Service	**736.5**	713.3
- Cross-boundary Service	**54.5**	54.4
- Airport Express	**7.1**	6.4
- Light Rail and Bus	**109.2**	106.9
Average number of passengers (in thousands)		
- Domestic Service (weekday)	**4,329**	4,219
- Cross-boundary Service (daily)	**301.1**	300.7
- Airport Express (daily)	**39.4**	35.4
- Light Rail and Bus (weekday)	**621.1**	610.0
Operating profit before Hong Kong property development, depreciation, amortisation and variable annual payment as a percentage of turnover ("EBITDA margin")		
- Excluding Mainland of China and international subsidiaries	**56.4%**	56.4%
- Including Mainland of China and international subsidiaries	**40.2%**	38.2%

MANAGEMENT REVIEW AND OUTLOOK

MTR's achievements in the first half of 2014 were overshadowed by the announcements of delays in our new rail projects in Hong Kong as well as a small number of longer delays in our Hong Kong rail service. We have apologised to our customers and stakeholders for these delays and events, and strive to continuously improve from lessons learnt. Despite this, the successes in the first half of 2014 link up with a very significant milestone: the 35th anniversary of MTR, a history stretching back to October 1979. It is our honour to have served the people of Hong Kong over these years, creating a proud inheritance, one that we are continuing to add to in 2014. Notwithstanding the challenges we have faced, I am pleased to report that in the first six months of 2014, our core operations returned good results. Our railway operations continued to perform well overall, with operational performance and safety standards remaining excellent by global standards. At the same time, we continued to invest in Hong Kong to increase our train frequency and improve our stations.

Our operations and maintenance activities in Hong Kong helped us maintain an efficient and reliable train service for the territory, with safety, as always, being the top priority. Our Listening • Responding programme, launched in 2012, continued to build momentum as new initiatives were rolled out or put into planning. Although train service continues to increase and improve, with the maintenance of 99.9% "on-time" performance in the first half of 2014, we are well aware of the inconvenience caused to our passengers by long service delays, and we continue to take steps to improve the resilience of our network and enhance recovery measures after incidents.

Against this backdrop we announced delays in the delivery of a number of our new rail projects in Hong Kong, in particular the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link ("Express Rail Link"). This led to increased scrutiny of the communications relating to, and management of these projects. A number of internal and external reviews have been or are being undertaken in relation to the delay in delivery of the Express Rail Link. The first of these was a report from an Independent Committee of the MTR Board ("IBC"), delivered on 16 July 2014. We will work diligently to implement recommendations from this report and look forward to receiving recommendations from the second IBC report as well as the Government's independent expert panel report. The first of the five new Hong Kong railway lines to come into operation, the West Island Line, is targeted to open at the end of the year, although construction difficulties may result in one of the three new stations, Sai Ying Pun Station, opening for service later in the first quarter of 2015. Currently the progress of the South Island Line (East) and Kwun Tong Line Extension are behind schedule and the original target opening in 2015 cannot be achieved. For the two service concession projects, where we are entrusted with project management by the Government, the Express Rail Link has a current programme for opening in end of 2017 whilst the Shatin to Central Link is facing an 11-month delay due mainly to the archaeological works at the To Kwa Wan Station area. Despite the difficulties and complications involved in these major railway projects, we are doing our utmost to reduce and mitigate delays although in projects of this nature, future unforeseen events may further hinder progress. Going forward, we will be updating the community on a regular basis about the progress of these five new lines.

Outside of Hong Kong, on a prudent basis, we are continuing to seek selected opportunities in the Mainland of China, Europe and Australia, leveraging the expertise we have gained in Hong Kong and our proven success in our existing overseas operations. We are honoured to be a key member of the consortium which was selected as the preferred operator for the North West Rail Link Public-Private-Partnership ("PPP") project in Sydney, Australia whilst in the UK, we were awarded the Crossrail Train Operating Concession franchise in July 2014.

Total revenue for the first six months of 2014 rose 1.3% to HK$19,471 million. Operating profit before Hong Kong property development, depreciation, amortisation and variable annual payments increased by 6.8% to HK$7,831 million. Excluding our Mainland of China and international subsidiaries, revenue rose by 7.6% and operating profit by 7.7%, while operating margin remained at 56.4%. Profit from Hong Kong property development was HK$245 million compared to HK$531 million in the first half of 2013. Excluding investment properties revaluation, net profit from underlying businesses attributable to equity shareholders increased by 3.2% to HK$4,389 million, representing earnings per share of HK$0.76. Gain in revaluation of investment properties was HK$3,523 million, as compared with HK$1,907 million in the first half of 2013. As a result, net profit attributable to equity shareholders increased by 28.5% to HK$7,912 million, equivalent to earnings per share of HK$1.36 after such revaluation. Your Board has declared an interim dividend of HK$0.25 per share, unchanged from last year.

Hong Kong Transport Operations

Total revenue in the first half of 2014 from our Hong Kong transport operations reached HK$7,729 million, an increase of 6.5% over the first half of 2013. Operating costs of our Hong Kong transport operations increased by 4.7% to HK$4,002 million, resulting in operating profit for this business increasing by 8.5% to HK$3,727 million, with an operating margin of 48.2%.

Patronage

Total patronage from all of our rail and bus passenger services in Hong Kong rose by 3.0% to 909.4 million. If the Intercity service is excluded, total patronage increased by 3.0% to 907.3 million.

Total patronage for our Domestic Service, which comprises the Kwun Tong, Tsuen Wan, Island, Tung Chung, Tseung Kwan O, Disneyland Resort, East Rail (excluding the Cross-boundary Service), West Rail and Ma On Shan lines, reached 736.5 million, a 3.3% increase over the first half of 2013.

The Cross-boundary Service to Lo Wu and Lok Ma Chau recorded a marginal 0.1% rise in patronage to 54.5 million in the six-month period. Passenger traffic on the Airport Express increased by 11.4% as compared with the first half of 2013, to 7.1 million.

Passenger volume on Light Rail and Bus during the first six months of 2014 was 109.2 million, a 2.1% increase, while patronage on the Intercity service was 2.1 million, up 3.2%.

Average weekday patronage for all of our rail and bus passenger services in Hong Kong increased by 2.4% to 5.28 million during the first six months of 2014 (5.27 million if the Intercity service is excluded). The Domestic Service accounted for the majority of this patronage, achieving a 2.6% increase to 4.33 million passengers per weekday.

Market Share

The Company increased its overall share of the franchised public transport market in Hong Kong from 46.5% in the first six months of 2013 to 47.0% in the comparable period of 2014. Within this total, our share of cross-harbour traffic was 66.6%. The Company's market share of Cross-boundary business for the first six months declined from 53.4% to 52.0%, while market share to and from the airport rose to 22.1% from 21.8%.

Fare Revenue

Total Hong Kong fare revenue in the first half of 2014 was HK$7,653 million, a 6.5% increase over the same period in 2013. Within this total, the Domestic Service accounted for HK$5,375 million or 70%. Average fare per passenger on our Domestic Service increased by 3.6% to HK$7.30, reflecting the effect of adjustments in fares in accordance with the Fare Adjustment Mechanism ("FAM") as well as the fare concessions offered.

Fare revenue from the Cross-boundary Service for the first six months of 2014 was HK$1,459 million, an increase of 3.8% over the first half of 2013. Fare revenue from the Airport Express was up 9.7% at HK$440 million. Light Rail and Bus fare revenue during the first half of 2014 was HK$308 million, a 6.6% increase over the same period in 2013, while fare revenue from the Intercity service was HK$71 million, increasing by 2.9%.

Following the review of FAM last year, the overall fare adjustment rate of MTR fares which was implemented in June 2014 was 3.6%; this is 0.5 percentage point lower than what it would have been before the review that took place in 2013. In conjunction with this adjustment, we are offering new fare promotions in addition to the ongoing fare concessions and promotions which MTR offers every year.

Promotions and Concessions

Promotions and concessions continued to be important ways in which we add value for passengers. This year, in recognition of our 35th Anniversary and to thank passengers for their support over the years, we announced in May a package of fare promotions (including those associated with FAM) which has an estimated annual value of about HK$500 million, adding to the existing HK$2 billion worth of ongoing fare concessions and promotions that we offer every year.

Included in the fare promotions package was an extension to 30 April 2015 of the "10% Same-Day Second-Trip Discount" which would have expired on 15 October 2014 under the current FAM arrangement, the launch of a 40 rides within 30 days for HK$400 MTR City Saver ticket scheme which will save money for those making regular medium- to long-distance journeys between designated urban stations, and the trial of an Early Bird Discount promotion at 29 core MTR stations in the urban area – a move that aims to spread the morning rush hour demand for our network will be launched in September 2014 till end May 2015 . In the first 60 days since its launch, over 160,000 MTR City Saver tickets have been sold, reflecting the attractiveness of this promotion. Other initiatives undertaken during the period included the installation of a new Fare Saver at Discovery Park Shopping Mall in April, bringing to 33 fare savers in different districts offering fare discounts of HK$1 or HK$2. Special promotions for MTR Tourist Tickets encouraged more tourists to use the MTR network to explore Hong Kong.

Our MTR Club, with over 1.4 million members as at June 2014, continued to reward passengers for their patronage and offer them exclusive experiences. In the period we held a visit to the Operations Training Centre for some Club members, and launched two programmes encouraging greater use of our Cross-boundary and Airport Express services. From December 2013 to March 2014, we also launched a new wave of our popular Bonus Point programme to reward loyal members.

In the period, we launched fare promotions for our Lok Ma Chau service in both Hong Kong and Shenzhen, which included discounted rides for students from selected universities and for residents living in areas where MTR has high growth potential. In addition, we introduced a special Park and Ride Promotion at MTR Hung Hom Station Car Park for passengers using our Cross-boundary services to Lo Wu or Lok Ma Chau. In celebration of the 35th anniversary of the Guangzhou-Kowloon Through Train, a series of promotional activities were launched in March, including prize draws for purchasers of tickets, discounts on souvenir items, and a photo exhibition about the history of the service held at Hung Hom Station.

Service and Performance

During the first six months of 2014, our overall train service performance remained stable, with 99.9% on-time performance, exceeding the targets set out in the Operating Agreement and our own more demanding Customer Service Pledges. From January to July, we operated over one million train trips in our heavy rail network, with only eight delays that lasted 31 minutes or more. However, we recognise that any long disruption causes much inconvenience to passengers and have focused on lessons learnt from each incident to develop improvement measures. We received "The Best Public Transportation Service Award" at the Sing Tao Services Awards 2013 for the eighth consecutive year presented by *Sing Tao Daily*, and the "Category Award of Infrastructure & Economic – Public Transportation" for the tenth consecutive year at the Hong Kong Service Awards 2014 presented by *EastWeek*.

A number of initiatives were undertaken in the first six months of 2014 under our Listening • Responding programme. A total of 313 weekly train trips were added to our Island, Kwun Tong, Tsuen Wan and East Rail lines in April this year to enhance travel convenience and comfort. Since the launch of programme in 2012 we have added more than 1,600 train trips per week across the network to increase capacity. An additional 600 weekly train trips will also be added to six of our MTR lines starting end August. For Light Rail, 148 additional weekly services were introduced in April on three busy routes to enhance frequency.

We continued to improve station access and facilities, including carrying out work to add more external lifts and replace several existing ones. The retrofitting of all Ticket Issuing Machines to issue Single Journey Smart Tickets was completed in March. In response to the very high usage of some of our busiest stations at peak periods, we boosted the help available at the stations by recruiting additional assistants, and implemented a new platform queuing arrangement at Kowloon Tong Station to improve the flow of passengers in and out of trains. Earlier, in March, we made free Wi-Fi access available inside the Through Train Departure Hall at Hung Hom Station for passengers prior to boarding. This is on top of the free Wi-Fi hotspots provided at all 84 stations.

Elsewhere, across the network, we have been constructing eight more External Passenger Lifts, as well as public toilets at Mong Kok and Prince Edward stations, whilst demolishing the Tsim Sha Tsui Station Entrance D1 to facilitate the construction of the Carnarvon Road Subway. Piling work for the Tsim Sha Tsui Station new Entrance A1 has been partially completed. When finished in 2015, the entrance will be transformed into a giant "Crystal Cube" of glass that will become a distinctive landmark on Nathan Road.

In March, the MTR Mobile app was upgraded and given enhanced audio information and control functions for visually-impaired passengers; the app went on to win two Gold Awards in the mobile application stream of the Web Accessibility Recognition Scheme 2014, organised by the Office of the Government Chief Information Officer and the Equal Opportunities Commission.

We continue to invest in our existing railway assets to improve performance and capacity; every year we spend in the region of HK$5 billion in maintenance, renewals and service improvement. Two major investment programmes of which tender process started this year are the replacement of signalling systems in the Island, Kwun Tong, Tsuen Wan, Tseung Kwan O, Tung Chung and Disneyland Resort lines and Airport Express, as well as the asset life assurance of some of our existing trains. Other capital investments, such as the upgrading of our passenger information systems, also continued as planned.

Work continued in the period on maintaining and enhancing our internationally recognised reputation for safety. New safety barriers were added to seats in Light Rail trains for better passenger protection. Safety education campaigns and activities to help raise passenger awareness of safety and reduce accidents continued to be held, including the publication of a railway safety booklet for passengers jointly published with the Electrical and Mechanical Services Department.

Hong Kong Station Commercial Businesses

Revenue from our Hong Kong station commercial businesses increased by 8.3% in the first half of 2014, to HK$2,377 million. The rise was largely a result of increases in rental rates and higher turnover rents. The operating costs of our Hong Kong station commercial businesses increased by 9.7% to HK$226 million, resulting in operating profit for this business increasing 8.2% to HK$2,151 million, with an operating margin of 90.5%.

Station retail revenue increased 8.2% to HK$1,568 million. As at 30 June 2014, the number of station shops was 1,335, covering a total area of 56,209 square metres of retail space. As at the end of June, seven stations were undergoing renovation work with a view to adding new shops, whilst new shops have already been added at Tuen Mun, Diamond Hill and Tsing Yi stations. Ten new brands were attracted to our stations during the first half of 2014. To further enhance the brand positioning of MTR Shops, a thematic branding campaign re-run was organised featuring popular Korean pop stars, which effectively promoted the unique "transit shopping" and "Style to Go" features of MTR Shops. Posters displayed across the MTR network also featured new brands opening up in MTR Shops.

Advertising revenue during the first six months of 2014 increased by 7.0% to HK$486 million, even though the number of advertising units fell slightly by 510 to 44,548 due to enhancement work being carried out on advertising panels on some MTR lines. New and well-targeted advertising packages, including feature advertising in certain dedicated areas of stations, helped boost results. We are in the process of upgrading our poster panels along the trackside of the Island Line and in the concourses of stations in the business areas of Hong Kong Island to improve their lighting and display quality. We are also revamping our digital panels in ten key stations to enhance the display network and upgrade their visual quality.

Telecommunications revenue in the first half of 2014 rose by 10.6% to HK$240 million, largely due to incremental revenue from mobile data capacity increases by telecom operators. MTR continued working with telecom operators on the joint 2G/3G Capacity Enhancement Project; by the end of June 2014, 38 stations had been upgraded. LTE2600 services, which can provide a faster 4G connection, were launched by one of the telecom operators serving Hong Kong Station and Kowloon Station and the tunnels in between.

Hong Kong Property and Other Businesses

The Hong Kong property market remained stable in the first half of 2014. Government measures from the previous two years contributed to low volumes of residential property sales, especially in the first quarter. In the second quarter, however, increased activity in the residential sector was evident as a number of new residential projects came onto the market and received positive response. Rental rates for both office and retail premises have remained stable.

Property Development in Hong Kong

Profit from Hong Kong property development in the first half of 2014 was HK$245 million, with contributions from both agency fees from West Rail property development and the sale of inventory units.

In the first half of 2014, we launched the pre-sale of Grand Austin (691 units) at Austin Station Site D with over 99% of units now sold, and City Point (1,717 units) at Tsuen Wan West Station, where we act as agent for the relevant subsidiary of Kowloon-Canton Railway Corporation ("KCRC"), with over 90% of units sold by July 2014.

In our property tendering activities, LOHAS Park Package 4 was tendered at the end of March and awarded in April to Globaluck Limited, a subsidiary of Sun Hung Kai Properties Limited.

Property Rental and Management Businesses in Hong Kong

Revenue from our Hong Kong property rental and property management businesses in the first half of 2014 rose by 10.0% to HK$2,026 million. Operating costs increased by 8.9% to

HK$331 million, resulting in operating profit increasing 10.2% to HK$1,695 million, with an operating margin of 83.7%.

Total property rental income in Hong Kong was HK$1,910 million, 10.1% higher than in the first six months of 2013. Our shopping mall portfolio continued to perform well and rental reversions during the period achieved an average 14% increase. At the end of June 2014, our shopping malls in Hong Kong and the Company's 18 floors at Two International Finance Centre ("Two ifc") remained close to 100% let. The renewed lease with the major tenant at Two ifc commenced in July 2014.

As at 30 June 2014, the Company's attributable share of investment properties in Hong Kong was 213,128 square metres of lettable floor area of retail properties, 40,969 square metres of lettable floor area of offices, and 14,282 square metres of property for other use.

For better branding and experiential consistency for the entire PopCorn shopping centre, renovation works for the common area of PopCorn2 have now been completed. Another major project for the year is to revamp Luk Yeung Galleria in Tsuen Wan to create a more vibrant trade mix, which is targeted for completion later this year. Advance works for the Maritime Square Extension project at Tsing Yi have also commenced on site in the second quarter of 2014.

MTR Malls' successes were widely recognized with the winning of various awards during the period, including the "Customer Caring Service Award" and "Luxurious Experience Shopping Centre Award" by the Hong Kong Service Awards 2014 presented by *EastWeek*, as well as "My Favourite Top 10 Shopping Mall" by *Hong Kong Economic Times*.

Hong Kong property management revenue in the first six months of 2014 rose by 8.4% to HK$116 million. As at 30 June 2014, the number of residential units under our management in Hong Kong stood at 90,523. The area of managed commercial space was 763,018 square metres.

During the first six months of 2014, our MTR managed properties also gained a number of recognitions. At the annual awards jointly organised by the Occupational Safety and Health Council, the Labour Department and the Hong Kong Association of Property Management Companies, Two ifc achieved the Gold Award in the category of "Safety Culture Award". The Cullinan and The Arch gained Silver Awards in the "Best Property Management Award in Occupational Safety and Health" category, and Merit Awards in the "Best Safety Enhancement Programme for Working at Height" category.

Other Businesses

The Ngong Ping cable car ("Ngong Ping 360"), which was named one of the 10 amazing cable car rides around the world by the UK Daily Telegraph, and its associated theme village achieved a 17.6% increase in revenue in the first six months of 2014 to HK$180 million compared to the same period last year. Visitor numbers for the period reached approximately 886,000 and reliability exceeded the target of 99.65%. Promotional activities in the period included a new 360 Holidays Sunset Tour, launched in April, while new hotel partners were added to the existing 360 Holidays 2Days/1Night overnight package. During the period, major construction work at the Monkey's Tale Theatre was substantially completed, and the Motion 360 Souvenir shop and Holidays 360 Service Centre opened in December 2013 and April 2014 respectively.

We leverage our experience as one of the world's leading railway operators to offer consultancy services to clients in Hong Kong and overseas. Revenue from our consultancy business in the first half of 2014 was HK$83 million, an increase of 38.3% over the same period in 2013.

The Company's share of Octopus' net profit for the first half of 2014 was HK$104 million, a 2.0% increase over 2013. By 30 June 2014, over 6,000 service providers in Hong Kong were using the Octopus. Total Octopus cards and other stored-value Octopus products in circulation during the period were 26.1 million. Average daily transaction volume and value were 13.1 million and HK$147.0 million respectively.

Income from project management services to Government, predominantly for entrustment works on the Express Rail Link and the Shatin to Central Link, was HK$714 million in the first six months of 2014, an increase of 6.6% over the same period in 2013. Income from such entrustment works is accounted for on a cost recovery basis.

Mainland of China and International Businesses

Revenue in the first six months of 2014 from our railway subsidiaries outside of Hong Kong, namely Metro Trains Melbourne Pty. Ltd. ("MTM"), MTR Stockholm AB ("MTRS") and MTR Corporation (Shenzhen) Limited, was HK$6,275 million. This represents a decrease of 9.8% over the same period in 2013. Operating costs were HK$5,854 million, resulting in a 6.0% drop in operating profit to HK$421 million and an operating profit margin of 6.7%. This reduction was due to two factors: currency movements and a one-off profit recognised by MTRS of HK$46 million in the first half of 2013 which was not repeated in 2014. Excluding this one-off profit and on a constant exchange rate basis, operating profit would have increased by 13.3%.

Our associates outside of Hong Kong, Beijing MTR Corporation Limited ("BJMTR"), London Overground Rail Operations Limited ("LOROL"), Tunnelbanan Teknik Stockholm AB, and Hangzhou MTR Corporation Limited ("HZMTR"), continued to provide high quality rail services to their respective communities. Although HZMTR continued to suffer start-up losses, our overall share of profits from these four associates for the first six months of 2014 was HK$24 million, as compared to a loss of HK$51 million in the same period last year.

Total passengers carried by our rail subsidiaries and associates outside of Hong Kong was approximately 713 million in the first half of 2014, against approximately 652 million in the first half of 2013.

Railway Businesses in the Mainland of China

In the Mainland of China, Beijing Metro Line 4 and the Daxing Line continued to exceed operational targets. Combined ridership in the first half of 2014 was 220.9 million passenger trips, with average weekday patronage of more than 1.2 million. The two lines have 35 stations and a combined length of 50 km. Phase 1 of the Beijing Metro Line 14 ("BJL14") was opened in May 2013, with the new interchange station, Qilizhang Station, opened for service in February 2014. Average weekday patronage has risen to over 47,000. The Phase 2 East Section is targeted for opening later in 2014. Full line operation is expected after 2017. BJL14 is currently operated by BJMTR on an Operation and Maintenance basis with the PPP starting once the full line is opened.

The operational performance of the Shenzhen Metro Longhua Line exceeded targets during the period. Ridership for the six months was 78 million, with average weekday patronage reaching 430,000. To increase capacity, as at 30 June 2014, 10 of the 28 trains have been converted from 4-car to 6-car with all remaining trains to be converted by the first quarter of 2015. In January, a Strategic Cooperation Framework Agreement was signed with the Longhua New District Administration Commission for the North Extension of this line. MTR will leverage its experience to offer advice and technical support for the construction of the North Extension, together with a light rail system in the Longhua District of Shenzhen.

Hangzhou Metro Line 1, which has been in operation since November 2012, achieved a good operational performance. Initiatives to drive growth in ridership have helped raise the total patronage for the six months to over 67 million and the average weekday patronage to over 350,000.

Railway Businesses Overseas

In the UK, LOROL ridership in the period was about 55.7 million, with a weekday average of 407,000. At the 11th annual London Transport Awards, a LOROL employee received the Frontline Employee of the Year award. LOROL's franchise to operate and maintain the London Overground rail services was extended in February 2013 from November 2014 to November 2016.

In Stockholm, MTRS's ridership for the six months was about 166.7 million, with average weekday patronage of about 1.19 million.

In Melbourne, MTM's ridership for the six months was approximately 116.5 million, with average weekday patronage reaching 822,000. In March, MTM received the prestigious Operator & Service Provider Excellence Award at the National Infrastructure Awards, organised by Infrastructure Partnerships Australia.

Property Development, Rental and Management Businesses in the Mainland of China

MTR Property Development (Shenzhen) Company Limited continued to make progress on the development of Shenzhen Metro Longhua Line Depot Site Lot 1, which has a total developable gross floor area of approximately 206,167 square metres. Construction is in full swing and preparation for sales and marketing is underway. First phase pre-sale is expected to be launched in early 2015.

In Tianjin, our 49% Joint Venture with Tianjin Metro (Group) Company Limited continues to make progress on the development of the Beiyunhe Station site. This site, sitting atop the Beiyunhe Station on Tianjin Metro Line 6 will be developed into a 278,650 square metres mixed used development with residential, commercial and retail uses.

Revenue from our property rental and property management businesses in the Mainland of China increased by 5.6% to HK$75 million for the first six months of 2014. Our shopping mall in Beijing, Ginza Mall, recorded an occupancy rate of 98% at the end of June 2014. The Company's managed gross floor area in the Mainland of China stands at 256,000 square metres.

Future Growth

The first six months of the year saw MTR fully engaged in the challenging task of expanding the Hong Kong railway network through five different projects, as well as continuing our progressive growth strategies in the Mainland of China and overseas. However the announcements of delays in the new Hong Kong rail projects blighted the considerable achievements made.

Growth in Hong Kong

New Rail Lines owned by MTR

The West Island Line is a 3-km underground extension of the existing MTR Island Line from Sheung Wan Station to Kennedy Town with three new stations. It was 93% complete by the end of June 2014. Connection and testing of the overhead line system has been completed, and testing of the signalling system is well advanced. The final installation of passenger facilities is ongoing at the three stations of the new line. Our target is to open the line in December 2014, should works continue to proceed at the current rate. However, delicate ground conditions in the area around Sai Ying Pun Station have affected the pace at which passenger entrances are being constructed. Since the programme is very tight, as a prudent measure we are putting in place a back-up plan, under which trains will not stop at Sai Ying Pun Station on initial line opening. Under this back-up plan Sai Ying Pun Station will be opened in the first quarter of 2015. If Sai Ying Pun Station is not ready for opening in December 2014 and the back-up plan proves not to be feasible, then full opening of the West Island Line will take place in the first quarter of 2015. An announcement will be made later this year relating to the line opening. We are doing our utmost to ensure the West Island Line can start serving the Western District community as early as possible, providing safe, smooth and reliable operations. With the complexity of the works on the West Island Line as well as delayed progress, we have updated our project cost estimate (excluding capitalised interest) from an original estimate of HK$17.2 billion to approximately HK$18.5 billion.

The South Island Line (East) project, a 7-km railway running from Admiralty to South Horizons with three intermediate stations, had reached 73% completion by June 2014. Due to the complexity of the works at Admiralty Station, the original target opening of South Island Line (East) in 2015 will be delayed. In conducting the underpinning structural works below the platforms of the existing operational lines at Admiralty Station, the safety of passengers using the existing railway and of occupants of the surrounding buildings has continued to be of the utmost priority. This has limited our ability to make up lost time when more challenging than expected conditions have been encountered. For the Nam Fung Tunnel, excavation works are targeted to be completed in the third quarter of 2014. Tunnel lining work and the construction of the transition structure that connects to the viaduct section is expected to be completed in the first quarter of 2015. However, difficult and unstable ground conditions including two major fault zones along the tunnel alignment have dictated slow progress. With the delay of the South Island Line (East), currently, there is an increase in estimated project cost (before capitalised interest) of HK$1.7 billion, resulting in estimated total project cost (before capitalised interest) at HK$15.2 billion.

The Kwun Tong Line Extension, a 2.6-km underground extension of the existing Kwun Tong Line from Yau Ma Tei Station to Whampoa Station with an intermediate station at Ho Man Tin, was 63% complete at the end of June 2014. The most challenging part of the project works is at the Whampoa Station site where extensive excavation works are being carried out within a densely populated community with busy traffic and complex underground utilities. The implementation of protection works for underground utilities and limited working space have prolonged the process during the early stage of construction. As a result of the difficulties at Whampoa Station, currently construction progress is behind the original schedule and the targeted opening of the Kwun Tong Line Extension in 2015 cannot be achieved. Despite the delay, the project cost is currently estimated to be still within the original project cost estimate (before capitalised interest) of HK$5.9 billion.

For both the Kwun Tong Line Extension and South Island Line (East), we will further update progress and provide the time frame for opening arrangements at the end of the year.

New Rail Lines Entrusted to MTR by the Government

The 26-km Express Rail Link, one of two entrustment projects funded by Government and project managed by MTR, will provide high speed cross-boundary rail services connecting Hong Kong to Shenzhen, Guangzhou and the high speed rail network in the Mainland of China. A number of factors combined to set back the scheduled opening of this project from 2015 to end of 2017. Specifically, three locations pose challenges: the West Kowloon Terminus, the Yuen Long tunnel section between Tsat Sing Kong and Tai Kong Po, and the cross-boundary tunnel section. Despite exceptional efforts from the project teams, the cumulative effect of delayed site access, shortage of labour, difficult ground conditions, deformed piles and bad weather have made the originally planned opening date for the line unfeasible. The overall progress was 60% at the end of June 2014. A highlight in the period was the breakthrough of the 7.6-km drill-and-blast tunnel that runs through Tai Mo Shan between Tse Uk Tsuen and Shek Yam in late March. Work continues at the difficult West Kowloon Terminus site, where excavation is 83% complete. Elsewhere, other tunnelling is in progress as well as the trackwork and overhead line installation. With the complexity of the project and various challenges encountered, we have updated and provided to the Government our project cost estimate in July 2014 for the Express Rail Link project (of HK$71.52 billion, inclusive of future insurance and project management costs). The Government is reviewing the revised programme and the updated project cost estimate and we are cooperating to provide additional information to assist the Government in its review.

In April 2014, our Board of Directors established the IBC to conduct a thorough review of the background of and reasons for the delay in the Express Rail Link project and to advise on the manner in which the Company can deliver the project in a more transparent and timely manner going forward. In July, our Board of Directors received the first report from the IBC. The Board has adopted in full the recommendations in the first report. The committee will prepare a second report on the delivery of the project going forward, which is currently expected to be issued in October 2014. Independently, the Government has established an independent expert panel to review the project delay.

The other entrustment project, the Shatin to Central Link, is being built in two phases, with the first originally due for completion in 2018 and the second in 2020. The project was 17% complete at the end of June 2014. In the process of excavation for this line, archaeological artefacts were unearthed at the site of the future To Kwa Wan Station. As the archaeological survey is still ongoing, the programme of the Shatin to Central Link will inevitably be affected with current progress being already 11 months behind schedule. As more time is needed for Government to discuss with the public on how to handle the relics, we will closely monitor the situation and maintain close communication with relevant Government departments. We will put forward a clearer plan on the forthcoming works arrangement for the Shatin to Central Link after the Government comes up with a clear direction on the handling of the relics upon the completion of the archaeological survey within our construction area.

Government's Review and Update of the Railway Development Strategy 2000 ("RDS-2U") outlines future rail developments for consideration. Government is finalising the RDS-2U, and we look forward to working closely with the Government on future railway developments.

Growth in the Mainland of China and Overseas

In the Mainland of China, a bid was submitted by BJMTR for Beijing Metro Line 16 in February 2014. This is also a PPP project with Line 16 running 50 km from Beianhe to Wanping, encompassing 29 stations. We are finalising our discussions with the Beijing Municipal Government on this line. Currently, we are also in the process of discussing and negotiating the Principal and Joint Venture Agreements associated with constructing and operating Shenzhen Metro Line 6.

In Sweden, MTR Express, providing a 455-km intercity rail service connecting Stockholm with Gothenburg, is expected to commence operations in the first half of next year. Train production is progressing as scheduled and depot facilities have been arranged.

In Australia, a consortium of which the Company is a member was selected as the preferred operator for the PPP element of the North West Rail Link project in Sydney by the New South Wales Government in June 2014. The consortium will be responsible for the design and build of eight new stations and a depot, procurement of fully automated rapid transit trains and a signalling system, and the conversion and upgrade of the railway along five existing stations together with operation and maintenance of the system for 15 years after service opening. We are working with Transport for New South Wales to conclude all documentations for a contract signing before the end of September 2014. MTR will be investing an estimated AUD65 million into this project. In Melbourne, we are leading a consortium which has entered into discussions with the Victorian Government in relation to a PPP project to transform one of the busiest sections of the Melbourne train network. Preliminary work for the proposed Dandenong Transformation project is progressing as are negotiations with the Victorian Government.

In the UK, we were awarded the Crossrail Train Operating Concession franchise in July 2014. The Concession is an eight-year agreement, with an option for a further two years, to operate train services on Crossrail, which will run for 118 km from Reading and Heathrow in the west of London, through new 21-km twin-bore tunnels below central London to Shenfield and Abbey Wood in the east. Services will commence in phases from 2015 to 2019. We are still awaiting the result of our bid for the ScotRail Franchise submitted in April 2014. We were not awarded the franchises for two other UK bids submitted at the end of last year, the Essex Thameside franchise and the Thameslink, Southern and Great Northern concessions.

Financial Review

The Group achieved good financial results in its recurrent businesses in the first half of 2014. Total turnover increased to HK$19,471 million, up 1.3% against the same period last year, and total operating costs decreased by 2.0% to HK$11,640 million. By individual business segment, revenue from Hong Kong transport operations reached HK$7,729 million in the first half of 2014, an increase of 6.5%, due to higher patronage in all of our transport services and adjustments in fare, which was partly offset by fare concessions. Expenses increased by 4.7% to HK$4,002 million. Revenue from Hong Kong station commercial businesses increased by 8.3% to HK$2,377 million mainly due to higher station shop rental rates and turnover rents. Expenses increased by 9.7% to HK$226 million impacted by higher government rent and rates and agency fees relating to advertising revenue growth. With the Group's shopping mall portfolio continuing to perform well, achieving an average 14% increase on rental reversion during the period, revenue from Hong Kong property rental and property management businesses increased by 10.0% to HK$2,026 million, and expenses increased by 8.9% to HK$331 million. Affected by currency movements, as well as a one-off compensation received by MTRS in 2013 revenue from, and expenses of, Mainland of China and International subsidiaries decreased 9.6% and 9.8% to HK$6,350 million and HK$5,922 million, respectively. Income and expenses relating to other businesses amounted to HK$989 million and HK$896 million, up 10.5% and 8.0%, respectively. Including project study and business development expenses of HK$263 million, the resulting operating profit before Hong Kong property development, depreciation, amortisation and variable annual payment ("EBITDA") increased by 6.8% to HK$7,831 million. Overall, the EBITDA margin improved from 38.2% in 2013 to 40.2%. The EBITDA margin excluding Mainland of China and international subsidiaries remained at 56.4%.

Profit from Hong Kong property development was HK$245 million, HK$286 million lower than the same period last year, and was derived from the sale of our inventory units and the agency fee income from West Rail property developments. Depreciation and amortisation increased slightly by 2.9% to HK$1,688 million. The variable annual payment ("VAP") for relevant revenue generated from the use of KCRC assets increased 19.0% to HK$701 million as the effective VAP charge rate increased slightly from 13.3% to 14.6%. Operating profit before interest and finance charges therefore increased by 1.0% to HK$5,687 million.

Interest and finance charges decreased by HK$161 million to HK$274 million in the first half of 2014, which was mainly due to a lower average debt balance and higher interest expenses capitalised. Investment property revaluation gain amounted to HK$3,523 million, up from HK$1,907 million in 2013. Profit sharing from Octopus Holdings Limited increased by 2.0% to HK$104 million. Our share of results from other associates generated a profit of HK$25 million in 2014 as compared to a loss of HK$51 million in 2013, mainly due to HZMTR where patronage has continued to improve, with our share of losses reducing from HK$161 million in 2013 to HK$80 million in 2014.

After deducting income tax of HK$1,063 million and profits shared by non-controlling interests of HK$90 million, net profit attributable to shareholders increased by 28.5% to HK$7,912 million, equivalent to earnings per share of HK$1.36 up from HK$1.06 in the first half of 2013. Excluding investment properties revaluation, net profit from underlying businesses attributable to equity shareholders increased by 3.2% to HK$4,389 million, of which recurrent businesses profit increased 10.0% to HK$4,186 million and property development profit decreased 54.6% to HK$203 million. Earnings per share based on the underlying businesses profit increased from HK$0.73 to HK$0.76. The Board has declared an interim dividend of HK$0.25 per share, with a scrip dividend option offered.

The Group's balance sheet remained strong, as net assets increased 2.7% to HK$156,829 million as at 30 June 2014. Total assets increased by HK$5,763 million during the period to HK$221,586 million as a result of investment property revaluation gain, further construction works for the West Island Line, the South Island Line (East) and the Kwun Tong Line Extension, and increases in cash, bank balances and deposits. These additions were partly offset by decreases in property development in progress and debtors, deposits and payments in advance due to cash received from the reimbursement of land premium at Austin Station sites and from the sale of residential units. Total liabilities increased by HK$1,636 million during the period to HK$64,757 million as a result of increases in dividend payable to shareholders. The increases were partly offset by a reduction in total loans outstanding, from HK$24,511 million as at 31 December 2013 to HK$21,080 million as at 30 June 2014. With an increase in cash balance and decrease in total loans outstanding, the net debt-to-equity ratio improved from 11.8% as at 31 December 2013 to 8.6% as at 30 June 2014.

Cash generated from operations, before taxes paid and working capital movement, increased by HK$474 million to HK$7,843 million, mainly due to the increase in EBITDA. Including working capital movement, receipt of government subsidy for the Shenzhen Metro Longhua Line operations and tax payment, net cash inflow from operating activities amounted to HK$9,084 million. Cash received from property development was HK$3,643 million, mainly from reimbursement of land premium for Austin Station sites and sale of residential units. Together with dividends received from associates and other miscellaneous cash receipts, total cash inflow amounted to HK$12,784 million. Total capital expenditure paid was HK$6,280 million, which included HK$2,967 million for the construction of new railway extensions, HK$1,559 million for asset additions or replacements in our existing operations, and HK$1,703 million for property renovation and development, including land premium paid in relation to the Maritime Square Extension project. After deducting variable annual payment of HK$1,247 million, capital injection of HK$294 million into an associate, Tianjin TJ-Metro MTR Construction Company Limited, net interest paid of HK$437 million and dividend paid to holders of non-controlling interests of HK$26 million, total cash outflow was HK$8,284 million. After loan repayments of HK$3,438 million, the Group's cash balance increased by HK$1,031 million to HK$18,328 million.

Financing Activities

Following a brief uptick towards the end of 2013, long-term US Treasury yields declined through the first half of 2014 on the back of an extreme weather-induced first quarter slowdown in the US economy, safe haven flows due to political upheaval in Ukraine and the Middle East, and repeated assurance from the Fed that its accommodative monetary policy was likely to continue even after the end of its bond buying programme. As a result, the 10-year US Treasury yield declined from a high of 3.03% p.a. at the end of 2013 to 2.53% p.a. on 30 June, while the 3-month USD-LIBOR rate declined from 0.25% to 0.23% p.a. Similarly during the same period, 10-year HK dollar swap rate declined from 2.87% to 2.55% p.a., while the 3-month HKD-Hibor rate remained at 0.38% p.a.

Taking advantage of the lower long-term rates and favourable arbitrage funding opportunities in the Australian dollar market, the Group issued, at the beginning of the year, 12-year and 15-year notes in Australian dollars which were swapped into HK dollars. Totalling about HK$550 million, these notes further lengthened and diversified the Group's debt maturity profile whilst helping to lock in attractive fixed rate long-term funding.

The Group also took advantage of improvement in the banking market in Hong Kong to arrange additional bilateral banking facilities totalling over HK$4,000 million at more competitive fees and credit margins than the previous year.

At the end of June 2014, the Company had total cash and bank deposits balance of HK$15,637 million, as well as total undrawn committed banking facilities of HK$7,946 million, which would provide very comfortable forward coverage of our funding needs well beyond 2014. At the Group level including its subsidiaries, total cash and bank deposits balance was HK$18,328 million and total undrawn committed banking facilities was HK$10,292 million.

The Group's debt portfolio was prudently managed and remains well diversified in accordance with the Preferred Financing Model. At the end of June 2014, 7.9% of the Group's total debt outstanding had maturity of less than 2 years, 49.7% between 2 and 5 years, and 42.4% beyond 5 years, reflecting a modest refinancing risk. Foreign exchange rate risk was well managed, with 96.6% of debt outstanding in HK dollars, hedged into HK dollars, or hedged by foreign currency cash flows from underlying businesses. The balance was in US dollars. Approximately 50.8% of debt outstanding was at fixed rate.

During the first half of 2014, at the Company level, weighted average borrowing cost decreased slightly to 3.0% p.a. from 3.1% p.a. during the same period last year mainly due to an increased proportion of floating rate borrowing. At the Group level, the weighted average borrowing cost was slightly higher at 3.7% p.a., from 3.5% p.a., mainly due to a higher proportion of overseas project loans outstanding with higher interest rates.

Human Resources

The Company, together with its controlled subsidiaries, employed 16,317 people in Hong Kong and 7,256 outside of Hong Kong as at 30 June 2014. During the first six months of 2014, a total of 841 people were hired, and 763 were promoted in Hong Kong. Through proactive manpower resourcing initiatives and new recruitment channels, we reached out to more job seekers and recruited young talents of high calibre including graduate trainees, graduate engineers and functional associates for succession of future managerial positions. Various recruitment campaigns to increase our intake of apprentices and technician associates were also launched to meet our manpower needs for frontline maintenance staff. Staff turnover remained low at 4.4%.

The Company has a well-established staff consultation mechanism, comprising Joint Consultative Committees and a Staff Consultative Council, providing effective communication channels between Management and staff for discussion of matters of mutual concern. There are over 800 staff representatives who are elected by staff. To encourage and reinforce two-way communication between line managers and staff, more than 4,000 sessions of the "Enhanced Staff Communication Programme" were organised in the first half of 2014, attracting over 50,000 participants.

In the first six months of 2014 we launched several new short motivational videos titled "MTR People Making a Difference" featuring stories about the work of frontline staff, and a new video titled "WE@MTR" featuring various initiatives that foster staff's well-being. A number of motivational schemes and awards were rolled out to recognise staff who live out the MTR values. In January, MTRS also launched a similar award scheme.

Many initiatives are ongoing to reinforce the sense of an MTR community. In January, the new multinational internal communications platform "MTRconnects" was launched in Hong Kong and all offices across the world. It is designed to keep all MTR employees abreast of the latest developments at the Company and facilitates employees to share their stories, interesting cultural information, videos and insights on how they conduct business locally.

Talent identification and development initiatives have continued to groom high potential staff at different levels along the integrated leadership pipeline. New batches of talent were identified under the People Development Initiative for Corporate and Divisional Development.

Succession planning is also facilitated as bench strengths across the Company are enhanced. We continued to provide many opportunities for development of our staff at different levels, including the Executive Continuous Learning Programme for Executive Managers and Senior Managers, and the Integrated Staff Development Programme in the Operations Division to prepare staff for future promotions.

"Work Improvement Team" ("WIT") continued to encourage staff in collective innovation and continuous improvement. WIT learning culture was exported to the Mainland of China with the formation of the Hangzhou MTR WIT Steering Committee in January, reinforced by a 2.5-day WIT training workshop in Hangzhou in April.

During the first six months of 2014, 3,297 courses were delivered providing 3.4 training days per Hong Kong employee. The Integrated Staff Development Programme won the 2013 American Society for Training and Development Excellence in Practice Award, with MTR being the only winner from Hong Kong.

Community Engagement

Recognising that the construction and development of MTR projects affects many members of the community, we use multiple channels to engage in a two-way dialogue with members of the community so that they can better understand the complex nature of our work, and can give us their feedback and express any concerns. We strive to find an optimal balance in various stakeholders' interests so that we could create value for all members of the community. For instance, we have set up Community Liaison Groups to ensure that the voices of all stakeholders are heard when we are constructing new lines. Quarterly meetings with local residents, local District Council members, members of non-governmental organisation and institutions, and representatives from the Government are held to facilitate dialogue and exchange of information.

In property development, we aim to create value for our business and the community. The Maritime Square Extension development at Tsing Yi has embraced a planning gain design approach which includes the enhancement of the existing Public Transport Interchange as well as around 5,000 square meters of podium landscape garden. These enhancements not only address the aspirations of residents for a more compatibly built environment but also provide a better integrated and more pleasing townscape for the community. PopCorn at Tseung Kwan O Station has also been designed to meet the changing aspirations of the community for greater connectivity and open space. Measures introduced include the public space "Civic Square", an elevated park, barrier-free access and connected walkways to other neighbouring developments.

Through ongoing dialogues, our goal is to enhance the quality of life for all as we build and connect communities, and deepen our relationships to achieve common objectives.

Outlook

The global economy remains uncertain, and in the Mainland of China the rapid expansion of recent years is being replaced by a more measured pace of growth. In Hong Kong, Government's commitment to building infrastructure and to making railway the backbone of the public transportation system remain strong and is being supported by large-scale investment, bringing opportunities for MTR.

In this environment, our Hong Kong rail business should see stable patronage growth whilst we also look forward to the opening of the West Island Line, currently expected at the end of the year. Results of our station commercial and property rental businesses are affected by rental renewals and reversions, which will be dependent on market conditions.

In our property development business, we will book profits for The Austin (Austin Station Site C) when the Occupation Permit is issued, which is expected to be in the second half of 2014. With strong pre-sale at Grand Austin (Austin Station Site D), booking of profits will now depend only on the issuance of the Occupation Permit, which is currently expected at the end of this year or early next year. Timing of pre-sale at LOHAS Park Package 3 will be dependent on market conditions and the progress of construction. Pre-sale is currently expected to start later this year, and the Occupation Permit is expected in the fourth quarter of this year. Booking of profits for this development will therefore depend both on the success of pre-sale and the issuance of the Occupation Permit.

In our property tendering activities up until the end of this year, depending on market conditions, we may tender out development sites at Tai Wai Station, LOHAS Park Package 5 as well as Tin Wing Stop (Light Rail).

Finally, I am most honoured to have been entrusted by the Board with the role of Acting Chief Executive Officer of MTR from 16 August. I would like to take this opportunity to thank Mr Jay Walder for his contributions. I would also like to welcome Dr Philco Wong to be the Projects Director upon Mr TC Chew's retirement in October 2014. My thanks also go to the Board Members for their valuable help and immense support as well to all my colleagues at MTR who have played such a critical part in helping us push ahead, despite many challenges, towards achieving our vision. They are truly the heroes of MTR.

By Order of the Board
Lincoln Leong Kwok-kuen
Acting Chief Executive Officer

Hong Kong, 25 August 2014

The interim financial information set out above does not constitute the Group's interim consolidated accounts for the half year ended 30 June 2014, but is derived and represents an extract from those interim consolidated accounts.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 10 September 2014 to 15 September 2014 (both dates inclusive), during which no transfer of shares can be registered. To qualify for the interim dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on 8 September 2014. The 2014 interim dividend, with a scrip dividend option, is expected to be distributed on or about 30 October 2014 to shareholders whose names appear on the Register of Members of the Company as at the close of business on 15 September 2014.

As at the date of this announcement:

Members of the Board: Dr. Raymond Ch'ien Kuo-fung *(Chairman)* **, Pamela Chan Wong Shui*, Dr. Dorothy Chan Yuen Tak-fai*, Vincent Cheng Hoi-chuen*, Christine Fang Meng-sang*, Edward Ho Sing-tin*, Professor Frederick Ma Si-hang*, Alasdair George Morrison*, Ng Leung-sing*, Abraham Shek Lai-him*, T. Brian Stevenson*, Professor Chan Ka-keung, Ceajer (Secretary for Financial Services and the Treasury)**, Secretary for Transport and Housing (Professor Anthony Cheung Bing-leung)** and Commissioner for Transport (Ingrid Yeung Ho Poi-yan)**

Members of the Executive Directorate: Lincoln Leong Kwok-kuen, Morris Cheung Siu-wa, Chew Tai Chong, Jacob Kam Chak-pui, Stephen Law Cheuk-kin, Gillian Elizabeth Meller, David Tang Chi-fai and Jeny Yeung Mei-chun

* *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.