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MTR CORPORATION LIMITED

香港鐵路有限公司

(the "Company")

(Incorporated in Hong Kong with limited liability)

(Stock code: 66)

**SITE C OF ABERDEEN INLAND LOT NO.467
WONG CHUK HANG STATION PACKAGE THREE PROPERTY DEVELOPMENT
DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION**

On 17 August 2018, the Company accepted the Government's offer of the Land Premium (being HK\$12,971,290,000) in respect of Site C of AIL 467. The payment of the Land Premium will be funded by the Developer. The offer was made by the Government on 29 June 2018.

The Transaction is a discloseable transaction under Chapter 14 of the Listing Rules and is subject to the requirement for the publication of an announcement in accordance with Rule 14.34 of the Listing Rules.

As the Government is a controlling shareholder of the Company and therefore a connected person of the Company, the Transaction is also a connected transaction for the Company under Chapter 14A of the Listing Rules.

As disclosed in previous announcements of the Company, the Stock Exchange has granted the Waiver to the Company from certain requirements under Chapter 14A of the Listing Rules which would otherwise apply to connected transactions between the Company and the Government subject to the conditions described below under the heading "Connected Transaction". Had the Waiver not been granted, the Transaction would have been subject to the announcement, the reporting and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

This announcement is made in accordance with the conditions of the Waiver and Chapters 14 and 14A of the Listing Rules. Details of the Transaction will be disclosed in the next annual report of the Company.

Acceptance of the Government's Offer of the Land Premium

On 17 August 2018, the Company accepted the Government's offer of the Land Premium (being HK\$12,971,290,000) in respect of Site C of AIL 467. The payment of the Land Premium will be funded by the Developer. The offer was made by the Government on 29 June 2018.

The proposed Development will comprise, inter alia, residential accommodation, commercial accommodation, and parking spaces with an aggregate total gross floor area of not more than 139,900 square metres. The Land Premium has been assessed by the Government to be HK\$12,971,290,000 (i) by reference to the full market value of Site C of AIL 467 and (ii) ignoring the presence of the railway.

Upon the Company's acceptance of the Government's offer of the Land Premium, a demand note for the Land Premium will be issued. The Company is required to pay the Land Premium in full before the payment due date stipulated in the demand note.

Reasons for the Transaction

The Company has accepted the Government's offer of the Land Premium in order to proceed with the proposed Development. On the basis that the assessed Land Premium is considered to be in line with current market values, and having regard to all the terms and conditions of the Government Grant, the Directors (including the independent non-executive Directors) consider that the terms of the Transaction are on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole and that the Company's entering into the Transaction is in the ordinary and usual course of business of the Company.

General

This announcement is made in accordance with (a) Chapter 14 of the Listing Rules and (b) the conditions of the Waiver and Chapter 14A of the Listing Rules.

Discloseable Transaction

The Transaction is a discloseable transaction under Chapter 14 of the Listing Rules and is subject to the requirement for the publication of an announcement in accordance with Rule 14.34 of the Listing Rules.

Connected Transaction

As the Government is a controlling shareholder of the Company and therefore a connected person of the Company, the Transaction is also a connected transaction for the Company under Chapter 14A of the Listing Rules.

As disclosed in previous announcements of the Company, the Stock Exchange has granted the Waiver to the Company from certain requirements under Chapter 14A of the Listing Rules which would otherwise apply to connected transactions between the Company and the Government involving land and land interests subject to certain conditions. Under the Waiver, the Company is required to make an announcement of the Transaction and to disclose details of the Transaction in its next annual report. The Company is also required under the Waiver to make the Transaction subject to the approval of the Board, with the Directors appointed by the Government under section 8 of the Mass Transit Railway Ordinance (Cap. 556 of the Laws of Hong Kong) and any Director who holds a position in the Government being required to abstain from voting. Accordingly, Mr James Henry Lau Jr (represented by his alternate director, Mr Andrew Lai Chi-wah), Secretary for Transport and Housing, Permanent Secretary for Development (Works) and Commissioner for Transport, who were present at the relevant

Board meeting, disclosed their interest in the Transaction and they each abstained from voting on the Board resolutions relating to the Transaction. Had the Waiver not been granted, the Transaction would have been subject to the announcement, the reporting and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Details of the Transaction will be disclosed in the next annual report of the Company.

PRINCIPAL ACTIVITIES OF THE COMPANY

The Company and its subsidiaries are principally engaged in the following core businesses: railway design, construction, operation, maintenance and investment in Hong Kong, the Mainland of China and a number of overseas cities; project management in relation to railway and property development businesses in Hong Kong and the Mainland of China; station commercial business including leasing of station retail space, leasing of advertising space inside trains and stations, and enabling of telecommunication services on the railway system in Hong Kong; property business including property development and investment, management and leasing management of investment properties (including shopping malls and offices) in Hong Kong and the Mainland of China; investment in Octopus Holdings Limited; and provision of railway management, engineering and technology training.

Definitions

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“AIL 467”	means Aberdeen Inland Lot No.467, Wong Chuk Hang, Hong Kong;
“Board”	means the board of directors;
“Developer”	means Queen Investments Limited, the successful tenderer in the tender to develop Wong Chuk Hang Station Package Three Property Development;
“Development”	means Wong Chuk Hang Station Package Three Property Development on Site C of AIL 467;
“Directors”	means members of the Board of the Company;
“Government”	means the Government of Hong Kong;
“Government Grant”	means the Conditions of Exchange in respect of AIL 467 dated 12 June 2017 and registered at the Land Registry as Conditions of Exchange No. 20304;
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	means the Hong Kong Special Administrative Region of the People's Republic of China;

“Land Premium”	means the land premium in respect of Site C of AIL 467;
“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“Transaction”	means the Company's acceptance of the Government's offer of the Land Premium; and
“Waiver”	means the waiver granted by the Stock Exchange to the Company from the requirements under Chapter 14A of the Listing Rules whose terms were contained in announcements made by the Company on 13 January 2005 and 24 October 2005 (as amended from time to time and subject to certain conditions).

By Order of the Board
Gillian Elizabeth Meller
Company Secretary
MTR Corporation Limited

Hong Kong, 17 August, 2018

Members of the Board: Professor Frederick Ma Si-hang (*Chairman*)**, Lincoln Leong Kwok-kuen (*Chief Executive Officer*), Andrew Clifford Winawer Brandler*, Dr Pamela Chan Wong Shui*, Dr Dorothy Chan Yuen Tak-fai*, Vincent Cheng Hoi-chuen*, Anthony Chow Wing-kin*, Dr Eddy Fong Ching*, James Kwan Yuk-choi*, Lau Ping-cheung, Kaizer*, Rose Lee Wai-mun*, Lucia Li Li Ka-lai*, Abraham Shek Lai-him*, Benjamin Tang Kwok-bun*, Dr Allan Wong Chi-yun*, Johannes Zhou Yuan*, James Henry Lau Jr (Secretary for Financial Services and the Treasury)**, Secretary for Transport and Housing (Frank Chan Fan)**, Permanent Secretary for Development (Works) (Hon Chi-keung)** and Commissioner for Transport (Mable Chan)**

Members of the Executive Directorate: Lincoln Leong Kwok-kuen, Jacob Kam Chak-pui, Margaret Cheng Wai-Ching, Peter Ronald Ewen, Herbert Hui Leung-wah, Adi Lau Tin-shing, Gillian Elizabeth Meller, Linda So Ka-pik, 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.