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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)

VOLUNTARY ANNOUNCEMENT

Shatin to Central Link Project ("SCL Project")

We refer to the Company's announcements of its financial results on 13 August 2015, 11 March 2016, 9 August 2016, 7 March 2017 and 10 August 2017 in which it was mentioned that the Company was conducting a review in relation to the main construction works of the SCL Project. The Company has previously stated that:

- (i) it considered that the cost estimate for the Entrustment Agreement for the Construction and Commissioning of the Shatin to Central Link dated 29 May 2012 between the Government of the Hong Kong Special Administrative Region ("**Government**") and the Company ("**SCL Entrustment Agreement**") would need to be revised upwards significantly;
- (ii) it had advised Government that the Company would conduct a detailed review of the SCL Project cost estimate under the SCL Entrustment Agreement (the "**Review**"); and
- (iii) the Review would only be completed in the second half of 2017, after which the Company would formally report the findings to Government.

The Company has now completed the Review and has today reported to Government that the Company currently estimates the total SCL Project cost under the SCL Entrustment Agreement will increase by HK\$16,501 million ("**Additional Amount**") from HK\$70,827 million to HK\$87,328 million (including contingency and monies which may become payable to the Company by way of an increase in the project management fee payable to the Company).

The Company has advised Government that the Review is based on (i) the information available as at today and has taken into account the continued construction and other project related challenges; (ii) a number of assumptions, including a target completion date of mid 2019 for the East West Corridor and 2021 for the North South Corridor; (iii) timely funding arrangements; (iv) the cooperation of various parties; and (v) certain approvals from Government.

Under the terms of the SCL Entrustment Agreement, Government shall take all reasonable steps to obtain all necessary authorities, permissions, approvals and consents for the funding of the Additional Amount or shall propose an alternative solution to the provision of such Additional Amount.

The Company will continue to perform its obligations under the SCL Entrustment Agreement.

By Order of the Board
Gillian Elizabeth Meller
Company Secretary

Hong Kong, 5 December 2017

As at the date of this announcement:

Members of the Board: Professor Frederick Ma Si-hang (*Chairman*)**, Lincoln Leong Kwok-kuen (*Chief Executive Officer*), Andrew Clifford Winawer Brandler*, 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*, Lucia Li Li Ka-lai*, Alasdair George Morrison*, 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, Morris Cheung Siu-wa, Peter Ronald Ewen, Herbert Hui Leung-wah, Adi Lau Tin-shing, Gillian Elizabeth Meller, Linda So Ka-pik, David Tang Chi-fai, Philco Wong Nai-keung and Jeny Yeung Mei-chun

* *Independent non-executive Director*

** *Non-executive Director*

*** *Non-executive Director – given their relationship with Government, these Non-executive Directors / their Alternate Directors abstained from giving any views or voting in relation to the cost of the SCL Project under the SCL Entrustment Agreement and the approval of this announcement*

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