

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

## **MTR CORPORATION LIMITED**

香港鐵路有限公司

**(the “Company”)**

*(Incorporated in Hong Kong with limited liability)*

(Stock code: 66)

**KOWLOON INLAND LOT NO. 11126**

**(SITE C, CANTON ROAD, KOWLOON)**

**and**

**KOWLOON INLAND LOT NO. 11129**

**(SITE D, CANTON ROAD, KOWLOON)**

### **DISCLOSEABLE AND CONNECTED TRANSACTIONS**

On 12 March, 2010, the Company accepted offers from the Government to allow the Company to proceed with the proposed developments on KIL No. 11126 and KIL No. 11129 subject to the Company's acceptance of the Government's assessment of the Land Premiums (being (a) HK\$4,958,820,000 and HK\$1,000 in respect of the non-railway portion of KIL No. 11126 and the railway portion of KIL No. 11126 respectively and (b) HK\$6,748,820,000 and HK\$1,000 in respect of the non-railway portion of KIL No. 11129 and the railway

portion of KIL No. 11129 respectively) and of the particulars and conditions of the Land Grants. The payment of the non-railway portion of the Land Premiums will be funded by both the Developer and the Company with approximately two-thirds (or HK\$7,807,640,000) funded by the Developer and approximately one-third (or HK\$3,900,000,000) funded by the Company. The payment of the railway portions of the Land Premiums will be funded by the Company. The offers were made by the Government on 1 February, 2010. As disclosed in the circular of the Company dated 3 September 2007, (a) KIL No. 11126 and KIL No. 11129 are specified potential development sites which the Government has undertaken (subject to payment of the Land Premiums and agreement of the particulars and conditions of the Land Grants) to grant to the Company by way of private treaty grants and (b) the Company shall be obliged to transfer the railway portions of KIL No. 11126 and KIL No. 11129 to KCRC.

As the Government has indicated to the Company (a) that the offers to the Company in respect of KIL No. 11126 and KIL No. 11129 must be accepted together and (b) that the Government will treat the Land Grants as one package, the Company has therefore, in compliance with Rules 14.22 and 14A.25 of the Listing Rules, aggregated the Transactions and treated them as if they were one transaction for the purposes of Chapters 14 and 14A of the Listing Rules.

The Transactions are therefore discloseable transactions under Chapter 14 of the Listing Rules and are 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 Transactions are also connected transactions for the Company under Rule 14A.13 of the Listing Rules.

As disclosed in the announcement of the Company dated 13 January, 2005, the Stock Exchange has granted the Waiver to the Company from the 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 "General". Had the Waiver not been granted, the Transactions 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 Rule 14A.47 of the Listing Rules. Details of the Transactions will be disclosed in the next annual report of the Company in accordance with Rule 14A.45 of the Listing Rules.

### **Acceptance of the Government's Offers and the Land Grants**

On 12 March, 2010, the Company accepted offers from the Government to allow the Company to proceed with the proposed developments on KIL No. 11126 and KIL No. 11129 subject to the Company's acceptance of the Government's assessment of the Land Premiums (being (a) HK\$4,958,820,000 and HK\$1,000 in respect of the non-railway portion of KIL No. 11126 and the railway portion of KIL No. 11126 respectively and (b) HK\$6,748,820,000 and HK\$1,000 in respect of the non-railway portion of KIL No. 11129 and the railway portion of KIL No. 11129 respectively) and of the particulars and conditions of the Land Grants. The payment of the non-railway portion of the Land Premiums will be funded by both the Developer and the Company with approximately two-thirds (or HK\$7,807,640,000) funded by the Developer and approximately one-third (or HK\$3,900,000,000) funded by the Company. The payment of the railway portions of the Land Premiums will be funded by the Company. The offers were made by the Government on 1 February, 2010.

Under the terms of the Government's offers, binding contracts between the parties arise when the Government receives the Company's acceptances. The Company delivered the acceptances to the Government on 12 March, 2010. The Land Grants, which will contain particulars and conditions of the land grant by private treaty of KIL No. 11126 and particulars and conditions of the land

grant by private treaty of KIL No. 11129, are expected to be executed within three calendar months from that date. It is proposed that the developments in KIL No. 11126 and KIL No. 11129 will comprise residential accommodation with an aggregate total gross floor area of not more than 119,116 square metres. The Company is required to pay to the Government the Land Premiums. The non-railway portions of the Land Premiums of KIL No. 11126 and KIL No. 11129 have been assessed by the Government to be HK\$4,958,820,000 and HK\$6,748,820,000 respectively, in each case, (i) by reference to the full market value of KIL No. 11126 and KIL No. 11129 and (ii) ignoring the presence of the railway. The Company is required to pay (a) a deposit equal to 10% of the Land Premiums on 12 March, 2010 and (b) the remaining balance of the Land Premiums when the Land Grants are executed.

As disclosed in the circular of the Company dated 3 September, 2007, (a) KIL No. 11126 and KIL No. 11129 are specified potential development sites which the Government has undertaken (subject to payment of the Land Premiums and agreement of the particulars and conditions of the Land Grants) to grant to the Company by way of a private treaty grants and (b) the Company shall be obliged to transfer the railway portions of KIL No. 11126 and KIL No. 11129 to KCRC.

### **Reasons for accepting the Government's offers**

The Company has accepted the Government's offers and proposes to execute the Land Grants in order to be allowed to proceed with the proposed developments on KIL No. 11126 and KIL No. 11129. On the basis that the assessed Land Premiums in respect of the non-railway portions are considered to be in line with current market values, and having regard to all of the terms and conditions of the Government's offers, the Directors (including the independent non-executive Directors) believe that the terms of the Government's offers and the Land Grants are on normal commercial terms, fair and reasonable, in the interests of the Company and its shareholders as a

whole and in the ordinary and usual course of the 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 Rule 14A.47 of the Listing Rules.

As the Government has indicated to the Company (a) that the offers to the Company in respect of KIL No. 11126 and KIL No. 11129 must be accepted together and (b) that the Government will treat the Land Grants as one package, the Company has therefore, in compliance with Rules 14.22 and 14A.25 of the Listing Rules, aggregated the Transactions and treated them as if they were one transaction for the purposes of Chapters 14 and 14A of the Listing Rules.

### **Discloseable Transactions**

The Transactions are discloseable transactions under Chapter 14 of the Listing Rules and are subject to the requirements for the publication of an announcement in accordance with Rule 14.34 of the Listing Rules.

### **Connected Transactions**

As the Government is a controlling shareholder of the Company and therefore a connected person of the Company, the Transactions are also connected transactions for the Company under Rule 14A.13 of the Listing Rules.

As disclosed in the announcement of the Company dated 13 January, 2005, the Stock Exchange has granted the Waiver to the Company from the 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 Transactions in accordance with Rule 14A.47 of the Listing Rules and to disclose details of the Transactions in its next annual report in accordance with Rule 14A.45 of the

Listing Rules. The Company is also required under the Waiver to make the Transactions 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, Professor Chan Ka-keung, Ceajer, the Secretary for Transport and Housing and the Commissioner for Transport disclosed their interest in the Transactions and they each abstained from voting on the relevant Board resolutions. Had the Waiver not been granted, the Transactions 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 Transactions will be disclosed in the next annual report of the Company in accordance with Rule 14A.45 of the Listing Rules.

### **Principal activities of the Company**

The principal activities of the Company and its subsidiaries are:

- (a) the operation of a modern railway system with lines from Central to Tsuen Wan (**Tsuen Wan Line**), from Yau Ma Tei to Tiu Keng Leng (**Kwun Tong Line**), from Po Lam and LOHAS Park to North Point (**Tseung Kwan O Line**), from Chai Wan to Sheung Wan (**Island Line**), from Hong Kong to Tung Chung (**Tung Chung Line**), from Hong Kong to the Hong Kong International Airport and then AsiaWorld-Expo both at Chek Lap Kok (**Airport Express**), from Sunny Bay to Disneyland Resort (**Disneyland Resort Line**), from Hung Hom to the boundary at Lo Wu and Lok Ma Chau (**East Rail Line**), from Tai Wai to Wu Kai Sha (**Ma On Shan Line**), from Hung Hom to Tuen Mun (**West Rail Line**), the North-west Railway (commonly known as Light Rail) in the North-West New Territories of Tuen Mun, Tin Shui Wai and Yuen Long, and an intercity railway system between Hong Kong and some major cities in the Mainland of China;

- (b) property development, either as owner or as an agent for KCRC, at locations relating to the railway system including the Tseung Kwan O Line, the Ma On Shan Line, the East Rail Line, the Light Rail and the West Rail Line;
- (c) related commercial activities, including the letting of advertising and retail space, bandwidth services on the railway telecommunication system, property management and leasing management of investment properties (including shopping malls, offices and residential units);
- (d) the investment in a 50% equity share in the operation of the seven-year London Overground Concession in the United Kingdom, consisting of four London railway lines with connections into the London Underground network;
- (e) the investment in the operation (including rolling stock maintenance which is undertaken by a 50:50 joint venture) of the eight-year Stockholm Metro Concession in Sweden, consisting of three lines, linking the Swedish capital's central areas with surrounding suburbs;
- (f) the investment in a 60% equity share in the operation and maintenance of the Melbourne train system in Australia, consisting of 15 lines, linking Melbourne's central business district with surrounding suburbs, under a franchise agreement with an initial period of eight years;
- (g) the design and construction of the West Island Line as an extension of the Island Line;
- (h) the further design, construction, procurement of services and equipment, testing, commissioning and all other matters associated with bringing the Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link into service;
- (i) the planning and construction of future extensions to the railway system and other related infrastructure projects including the South Island Line, the Kwun Tong Line Extension and the Shatin to Central Link, as the major projects for which the Government has confirmed policy support;
- (j) the operation of the Tung Chung to Ngong Ping Cable Car System and the Theme Village in Ngong Ping, Lantau Island, Hong Kong;

- (k) worldwide consultancy services covering all areas of expertise required in the project management, planning, construction, operation, maintenance and up-grading of railways plus fare collection, property integration/development advice including other property related services and advice on generation of non-fare revenues;
- (l) investment in Octopus Holdings Limited, a subsidiary of the Company, which has business activities both in Hong Kong and overseas including the operation of a smart card system by its subsidiary Octopus Cards Limited for the collection of payments for both transport and non-transport applications in Hong Kong;
- (m) equity investments and long term operations and maintenance contracts outside of Hong Kong;
- (n) property management, shopping mall investment and railway related property development business in the Mainland of China;
- (o) the investment in a 49% equity interest in the construction and operations of Beijing Metro Line 4 in the Mainland of China, under a 30 years concession agreement with the Beijing Municipal Government, and future operations and maintenance of Beijing Metro Daxing Line, an extension of the Beijing Metro Line 4, under a concession agreement with the Beijing Municipal Government with an initial period of 10 years;
- (p) the investment in, design and construction of, Phase 2 of Shenzhen Metro Line 4 together with future operations of Phase 1 and Phase 2 in the Mainland of China, a double-track urban railway running from Futian Checkpoint at the boundary between Hong Kong and Shenzhen, Mainland of China, to Longhua New Town in Shenzhen, under a 30 years Build-Operate-Transfer concession agreement with the Shenzhen Municipal Government; and
- (q) the investment in a 49% equity interest in future operations and maintenance of Shenyang Metro Line 1 and Line 2 in the Mainland of China, for a franchise fee with a concession period of 30 years with Shenyang Municipal Government.



**Definitions**

“Board”	means the board of directors of the Company;
“Developer”	means Fast New Limited, the successful tenderer in the tender to develop KIL No. 11126 and KIL No. 11129;
“Directors”	means members of the Board;
“Government”	means the Government of Hong Kong;
“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;
“KCRC”	means the Kowloon-Canton Railway Corporation, a statutory corporation established under the Kowloon-Canton Railway Corporation Ordinance (Cap. 372), wholly owned by The Financial Secretary Incorporated on behalf of the Government;
“KIL No. 11126”	means Kowloon Inland Lot No. 11126 (Site C, Canton Road, Kowloon);
“KIL No. 11129”	means Kowloon Inland Lot No. 11129 (Site D, Canton Road, Kowloon);
“Land Grants”	means the particulars and conditions of the land grant by private treaty of KIL No. 11126 and the particulars and conditions of the land grant by private treaty of KIL No. 11129 to be entered into between the Company and the Government;
“Land Premiums”	means the land premiums for KIL No. 11126 and KIL No. 11129;

- “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;
- “Transactions” means the Company’s acceptance of offers from the Government to allow the Company to proceed with the proposed developments on KIL No. 11126 and KIL No. 11129 subject to the Company’s acceptance of the Government’s assessment of the Land Premiums and of the particulars and conditions of the Land Grants; and
- “Waiver” means the waiver granted by the Stock Exchange to the Company from the requirements under Chapter 14A of the Listing Rules (subject to certain conditions).

By Order of the Board  
**Leonard Bryan Turk**  
*Company Secretary*  
MTR Corporation Limited

Hong Kong, 12 March, 2010

*Members of the Board:* Dr. Raymond Ch’ien Kuo-fung (*Chairman*)\*\*, Chow Chung-kong (*Chief Executive Officer*), Vincent Cheng Hoi-chuen\*, Christine Fang Meng-sang\*, Edward Ho Sing-tin\*, 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 (Eva Cheng)\*\* and Commissioner for Transport (Joseph Lai Yee-tak)\*\*

*Members of the Executive Directorate:* Chow Chung-kong, William Chan Fu-keung, Chew Tai Chong, Thomas Ho Hang-kwong, Lincoln Leong Kwok-kuen, Andrew McCusker and Leonard Bryan Turk

\* *independent non-executive Directors*

\*\* *non-executive Directors*

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

