*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited (“**SEHK**”) 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.*

*This announcement and the listing documents attached hereto are for information purposes only and do not constitute an invitation or offer to acquire, purchase or subscribe for securities.*

*The securities have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), or the securities laws of any state of the United States or other jurisdiction and the securities may not be offered or sold into or within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or local securities laws.*

***This announcement and the listing documents attached hereto have been published for information purposes only as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and do not constitute an offer to sell nor a solicitation of an offer to buy any securities. Neither this announcement nor anything referred to herein (including the listing documents attached hereto) forms the basis for any contract or commitment whatsoever.*** *For the avoidance of doubt, the publication of this announcement and the listing documents attached hereto shall not be deemed to be an offer of securities made pursuant to a prospectus issued by or on behalf of the Issuer (as defined below) for the purposes of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) nor shall it constitute an advertisement, invitation or document containing an invitation to the public to enter into or offer to enter into an agreement to acquire, dispose of, subscribe for or underwrite securities for the purposes of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).*

***Notice to Hong Kong investors:*** *The Issuer confirms that the Notes (as defined below) are intended for purchase by Professional Investors (as defined in Chapter 37 of the Listing Rules) only and are listed on the SEHK on that basis. Accordingly, the Issuer confirms that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.*

## PUBLICATION OF OFFERING CIRCULAR AND PRICING SUPPLEMENT

# MTR CORPORATION LIMITED
# 香港鐵路有限公司

(*incorporated in Hong Kong under the Companies Ordinance with limited liability*) (the “**Issuer**”)
**(Stock Code: 66)**

CNY600,000,000 3% Fixed Rate Notes due 13 October 2028 (the “**Notes**”)
**(Stock Code: 84457)**

issued under the Issuer’s US$7,000,000,000
Debt Issuance Programme (the “**Programme**”)

*Dealer*

**Standard Chartered Bank (Hong Kong) Limited**

This announcement is issued pursuant to Rule 37.39A of the Listing Rules.

Reference is made to the notice of listing of the Notes on The Stock Exchange of Hong Kong Limited dated 13 October 2023 published by the Issuer.

The offering circular dated 31 October 2022 in relation to the Programme (the "**Offering Circular**") and the pricing supplement dated 9 October 2023 in relation to the Notes (the "**Pricing Supplement**") are appended to this announcement.

Hong Kong, 16 October 2023

As at the date of this announcement:

*Members of the Board of the Issuer:* Dr Rex Auyeung Pak-kuen (Chairman)**, Dr Jacob Kam Chak-pui (Chief Executive Officer), Andrew Clifford Winawer Brandler*, Dr Bunny Chan Chung-bun*, Walter Chan Kar-lok*, Dr Dorothy Chan Yuen Tak-fai*, Cheng Yan-kee*, Hui Siu-wai*, Sunny Lee Wai-kwong*, Rose Lee Wai-mun*, Jimmy Ng Wing-ka*, Carlson Tong*, Sandy Wong Hang-yee*, Adrian Wong Koon-man*, Professor Anna Wong Wai-kwan*, Christopher Hui Ching-yu (Secretary for Financial Services and the Treasury)**, Secretary for Transport and Logistics (Lam Sai-hung)**, Permanent Secretary for Development (Works) (Ricky Lau Chun-kit)** and Commissioner for Transport (Angela Lee Chung-yan)**

*Members of the Executive Directorate of the Issuer:* Dr Jacob Kam Chak-pui, Jeny Yeung Mei-chun, Margaret Cheng Wai-ching, Linda Choy Siu-min, Carl Michael Devlin, Herbert Hui Leung-wah, Dr Tony Lee Kar-yun, Gillian Elizabeth Meller, David Tang Chi-fai and Sammy Wong Kwan-wai

* *independent non-executive Director*
** *non-executive Director*

## Appendix 1 - Offering Circular

**NOT FOR DISTRIBUTION INTO OR WITHIN THE UNITED STATES OR, IN RESPECT OF ANY OFFERING OF SECURITIES UNDER CATEGORY 2 OF REGULATION S OF THE SECURITIES ACT, TO ANY UNITED STATES PERSON OR TO ANY PERSON OR ADDRESS IN THE UNITED STATES**

**Important: You must read the following before continuing.** The following applies to the Offering Circular following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them, any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED, (THE "**SECURITIES ACT**") OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD INTO OR WITHIN THE UNITED STATES OR, IN RESPECT OF ANY OFFERING OF SECURITIES UNDER CATEGORY 2 OF REGULATION S OF THE SECURITIES ACT, TO, OR FOR THE ACCOUNT OR BENEFIT OF, UNITED STATES PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) OR TO ANY PERSON OR ADDRESS IN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THIS OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED IN RESPECT OF ANY OFFERING OF SECURITIES UNDER CATEGORY 2 OF REGULATION S OF THE SECURITIES ACT, TO ANY UNITED STATES PERSON OR TO ANY UNITED STATES ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

**Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct – Important Notice to Prospective Investors:** Prospective investors should be aware that certain intermediaries in the context of any offering of the Notes (as defined in the Offering Circular), including certain Dealers (as defined in the Offering Circular), may be "capital market intermediaries" (together, the "**CMIs**") subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the "**Code**"). This notice to prospective investors is a summary of certain obligations the Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMIs may also be acting as "overall coordinators" (together, the "**OCs**") for the offering and are subject to additional requirements under the Code.

Prospective investors who are the directors, employees or major shareholders of the relevant Issuer (as defined in the Offering Circular), the Guarantor (as defined in the Offering Circular), a CMI or its group companies would be considered under the Code as having an association (an "**Association**") with the relevant Issuer, the Guarantor, the CMI or the relevant group company. Prospective investors associated with the relevant Issuer, the Guarantor or any CMI (including its group companies) should specifically disclose this when placing an order for the Notes and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to the relevant offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to the relevant offering, such order is hereby deemed not to negatively impact the price discovery process in relation to such offering.

Prospective investors should ensure, and by placing an order prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). A rebate may be offered by the relevant Issuer to all Private Banks for orders they place (other than in relation to Notes subscribed by such Private Banks as principal whereby it is deploying its own balance sheet for onward selling to investors), payable upon closing of the relevant offering based on the principal amount of the Notes distributed by such Private Banks to investors. Details of any such rebate will be set out in the applicable Pricing Supplement. If a prospective investor is an asset management arm affiliated with any Dealer, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the Dealer or its group company has more than 50% interest, in which case it will be classified as a "proprietary order" and subject to appropriate handling by CMIs in accordance with the Code and should disclose, at the same time, if such "proprietary order" may negatively impact the price discovery process in relation to the relevant offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not such a "proprietary order". If a prospective investor is otherwise affiliated with any Dealer, such that its order may be considered to be a "proprietary order" (pursuant to the Code), such prospective investor should indicate to the relevant Dealer when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not such a "proprietary order". Where prospective investors disclose such information but do not disclose that such "proprietary order" may negatively impact the price discovery process in relation to the relevant offering, such "proprietary order" is hereby deemed not to negatively impact the price discovery process in relation to such offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including Private Banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the Dealers and/or any other third parties as may be required by the Code, including to the relevant Issuer, the Guarantor, any OCs, relevant regulators and/or any other third parties as may be required by the Code, it being understood and agreed that such information shall only be used for the purpose of complying with the Code, during the bookbuilding process for the relevant offering. Failure to provide such information may result in that order being rejected.

**Confirmation of the Representation:** This Offering Circular is being sent at your request and by accepting the e-mail and accessing this Offering Circular, you shall be deemed to have represented to us that you are outside the United States or, in respect of any offering of securities under Category 2 of Regulation S of the Securities Act, you shall be deemed to have represented to us that you are not a United States person. In addition, you shall be deemed to have represented to us that the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States and that you consent to delivery of such Offering Circular by electronic transmission.

You are reminded that this Offering Circular has been delivered to you on the basis that you are a person into whose possession this Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this Offering Circular to any other person.

The materials relating to any offering of securities to which this Offering Circular relates do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that such offering be made by a licensed broker or dealer and an Arranger (as defined in this Offering Circular) or Dealer or any affiliate of such Arranger or Dealer is a licensed broker or dealer in that jurisdiction, such offering shall be deemed to be made by such Arranger or Dealer or such affiliate on behalf of the relevant Issuer in such jurisdiction.

This Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Arranger, the Dealers or any person who controls any Arranger, Dealer or any director, officer, employee or agent of any Arranger or Dealer or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from any of the Arranger or the Dealers.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

**Offering Circular**

# MTR Corporation Limited

*(a company incorporated on 26th April 2000 in Hong Kong with company number 714016)*

**and**

# MTR Corporation (C.I.) Limited

*(a company with limited liability organised under the laws of the Cayman Islands on 30th October 2000)*

**(Unconditionally and Irrevocably Guaranteed by MTR Corporation Limited)**

**US$7,000,000,000**

## *Debt Issuance Programme*

On 22nd December 1993, Mass Transit Railway Corporation ("MTRC") entered into a US$1,000,000,000 Debt Issuance Programme (the "Programme"). The maximum aggregate nominal amount of Notes (as defined below) which may be outstanding under the Programme was increased to US$2,000,000,000 with effect from 1st June 1999, to US$3,000,000,000 with effect from 31st October 2006, to US$4,000,000,000 with effect from 13th March 2013 and to US$5,000,000,000 with effect from 20th October 2017 and to US$7,000,000,000 with effect from 30th October 2020. On 30th June 2000 MTR Corporation Limited ("MTRCL" or "the Company") replaced MTRC as the issuer of Notes under the Programme. All the assets and liabilities of MTRC vested in MTRCL and MTRCL has adopted all of the accounts of MTRC. MTR Corporation (C.I.) Limited ("MTR Cayman") became an additional issuer of Notes under the Programme with effect from 9th April 2001 pursuant to an Amending and Restating Programme Agreement dated 9th April 2001 made between MTRCL, MTR Cayman and the Dealers named therein (MTRCL and MTR Cayman together being the "Issuers" and each an "Issuer"). This Offering Circular supersedes any previous prospectus, listing particulars or offering circular describing the Programme. Notes issued under the Programme on or after the date of this Offering Circular are subject to the provisions described herein. This does not affect any Notes issued before the date of this Offering Circular.

Under the Programme, MTRCL or MTR Cayman or any other entity that may be appointed as an additional issuer under the Programme, as the case may be, (the "relevant Issuer") may from time to time issue Notes (the "Notes") denominated in any currency agreed upon by the relevant Issuer and the relevant Dealer(s) (as defined herein). The Notes shall have maturities that are one month or greater (subject to such minimum or maximum maturity as may be allowed or required from time to time by the relevant central bank or equivalent body (however called) or any laws or regulations applicable to the relevant currency) and, subject as set out herein, the maximum aggregate principal amount of all Notes from time to time outstanding will not exceed US$7,000,000,000 (or its equivalent in other currencies). The payment of all amounts payable in respect of Notes to be issued by MTR Cayman or any other entity that may be appointed as an additional issuer under the Programme will be unconditionally and irrevocably guaranteed by MTRCL (the "Guarantor"). The Notes will be offered through one or more of the Dealers specified under the section headed "Summary" in this Offering Circular and any additional Dealers appointed under the Programme from time to time (each a "Dealer" and together the "Dealers") on a continuing basis whether in respect of the Programme generally or a particular issue of Notes.

Application has been made to The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") for the listing of the Programme under which Notes may be issued by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange) (''Professional Investors'') only during the 12-month period after the date of this document on the Hong Kong Stock Exchange. This document is for distribution to Professional Investors only. ***Notice to Hong Kong investors:*** The Issuers and the Guarantor confirm that the Notes are intended for purchase by Professional Investors only and, where they are listed on the Hong Kong Stock Exchange, are so listed on that basis. Accordingly, the Issuers and the Guarantor confirm that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

**The Hong Kong Stock Exchange has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Programme and the Notes on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Programme, the Notes or the Issuers, or MTRCL (in such capacity as the Guarantor) or the Group (as defined below) or quality of disclosure in this document.** Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this document, 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 document.

The Notes have not been and will not be registered under the US Securities Act of 1933, as amended (the "Securities Act") or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be offered or sold within the United States or to, or for the account or benefit of, US persons (as defined in Regulation S under the Securities Act) unless the Notes are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available.

**IMPORTANT – EEA RETAIL INVESTORS –** The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "Prospectus Regulation"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**IMPORTANT – UK RETAIL INVESTORS –** The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("UK"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("EUWA"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "FSMA") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (as amended, the "UK PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

**MiFID II PRODUCT GOVERNANCE / TARGET MARKET –** The pricing supplement in respect of any Notes (the "Pricing Supplement") may include a legend entitled "MiFID II product governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "MiFID Product Governance Rules"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

**UK MiFIR PRODUCT GOVERNANCE / TARGET MARKET** – The Pricing Supplement may include a legend entitled "UK MiFIR Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "UK MiFIR Product Governance Rules") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MIFIR Product Governance Rules.

**Notification under Section 309B(1)(c) of the Securities and Futures Act 2001 of Singapore (the "SFA")** – Unless otherwise stated in the Pricing Supplement in respect of any Notes, all Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Notice of the aggregate principal amount or interest (if any) payable in respect of the issue price of each Tranche (as defined herein) of Notes will be given in a Pricing Supplement which, with respect to Notes to be listed on the Hong Kong Stock Exchange, will be delivered to the Hong Kong Stock Exchange on or before the date of issue of such Notes. Copies of each Pricing Supplement will be available from the specified office of each of the Paying Agents (as defined herein). The Programme provides that Notes may be listed on such other or further stock exchanges as may be agreed between the relevant Issuer and the relevant Dealer(s), and may also be unlisted. The relevant Pricing Supplement in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Hong Kong Stock Exchange or any other stock exchange.

Each Tranche of Notes with a maturity of more than 365 days will initially be represented by a temporary global note (each a "Temporary Global Note"), unless the applicable Pricing Supplement specifies otherwise, and each Tranche with a maturity of 365 days or less will initially be represented by a permanent global note (each a "Permanent Global Note" and together with the Temporary Global Notes, the "Global Notes"), unless the applicable Pricing Supplement specifies otherwise. Each Global Note will be deposited (a) in the case of a Tranche intended to be cleared through Euroclear Bank SA/NV ("Euroclear") or Clearstream Banking, *S.A.* ("Clearstream"), on the issue date with a common depositary on behalf of Euroclear and Clearstream or (b) in the case of a Tranche intended to be cleared through CMU (as defined herein) or any other clearing system other than Euroclear or Clearstream or delivered outside a clearing system, as stipulated in the applicable Pricing Supplement. Interests in Temporary Global Notes will be exchangeable for interests in Permanent Global Notes or, if specified in the Pricing Supplement, for definitive Notes ("Definitive Notes") in bearer or registered form. In the case of Notes in bearer form, such exchange will occur only after 40 days from the issue date upon certification as to non-US beneficial ownership. Interests in Permanent Global Notes will be exchangeable for Definitive Notes in bearer form ("Definitive Bearer Notes") or for Definitive Notes in registered form ("Definitive Registered Notes").

As at the date of this Offering Circular, MTRCL and MTR Cayman's debt ratings are (i) (P)Aa3 (for senior unsecured debt) and (P)P-1 (for short-term debt) by Moody's Investors Service Hong Kong Limited; and (ii) AA+ (for long term debt) by S&P Global Ratings.

Notes issued under the Programme may be rated or unrated. When an issue of Notes is rated, its rating will not necessarily be the same as the rating applicable to the Programme and (where applicable) such rating will be specified in the relevant Pricing Supplement. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Prospective investors should have regard to the factors described under the section headed "Risk Factors" in this Offering Circular. This Offering Circular does not describe all of the risks of an investment in the Notes.

*Arranger*

**HSBC**

*Dealers*

**ANZ**
**BNP PARIBAS**
**Citigroup**
**Deutsche Bank**
**HSBC**
**Mizuho**
**MUFG**
**Standard Chartered Bank**
**UOB**

**Barclays**
**BofA Securities**
**Crédit Agricole CIB**
**Goldman Sachs (Asia) L.L.C.**
**J.P. Morgan**
**Morgan Stanley**
**Nomura**
**UBS**
**Westpac Banking Corporation**

31st October 2022

**IMPORTANT**

**If you are in any doubt about this Offering Circular you should consult your stockbroker, bank manager, solicitor, certified public accountant or other professional adviser.**

*This Offering Circular is to be read in conjunction with all the documents which are deemed to be incorporated herein by reference (see "Documents Incorporated by Reference").*

*The Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuers, the Guarantor and the Group (as defined below). The Issuers and the Guarantor accept full responsibility for the accuracy of the information contained in the Offering Circular and confirm, having made all reasonable enquiries, that to the best of the knowledge and belief of the Issuers and the Guarantor there are no other facts the omission of which would make any statement herein misleading.*

*Each Tranche (as defined in "Terms and Conditions of the Notes") will be issued on the terms set out herein under "Terms and Conditions of the Notes" as amended and/or supplemented by the Pricing Supplement specific to each Tranche. The Offering Circular must be read and construed together with any amendments or supplements hereto and with any information incorporated by reference herein and, in relation to any Tranche, must be read and construed together with the relevant Pricing Supplement.*

*The distribution of the Offering Circular and any Pricing Supplement and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession the Offering Circular comes are required by the Issuers, the Guarantor as well as the Arranger and the Dealers to inform themselves about and to observe any such restrictions. None of the Issuers, the Guarantor, the Arranger, the Dealers, the Trustee (as defined herein) or the Agent (as defined herein) represents that the Offering Circular or any Pricing Supplement may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution of offering. In particular, no action has been taken by the Issuers, the Guarantor, the Arranger, the Dealers, the Trustee or the Agent which would permit a public offering of any Notes or distribution of the Offering Circular or any Pricing Supplement in any jurisdiction where action for such purposes is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and none of the Offering Circular, any Pricing Supplement or any advertisement or other offering materials may be distributed or published in any jurisdiction, except under circumstance that will result in compliance with any applicable laws and regulations. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Arranger or Dealers or any affiliate of the relevant Arranger or Dealer is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Arranger or Dealer or its affiliate on behalf of the relevant Issuer in such jurisdiction.*

*The Issuers and the Guarantor, having made all reasonable enquiries, confirm that the Offering Circular contains all information with respect to the Issuers, the Guarantor and their subsidiaries and the Notes which is material in the context of the issue and offering of the Notes, the statements contained in them relating to the Issuers, the Guarantor and their subsidiaries are in every material respect true and accurate and not misleading, the opinions and intentions expressed in them with regard to the Issuers, the Guarantor and their subsidiaries are honestly held, have been reached after considering all relevant assumptions and are based on reasonable assumptions and there are no other facts in relation to the Issuers, the Guarantor and their subsidiaries or the Notes the omission of which would, in the context of the issue and offering of the Notes, make any statement in them misleading in any material respect and all reasonable enquiries have been made by the Issuers and the Guarantor to ascertain such facts and to verify the accuracy of all such information and statements.*

*The Arranger and the Dealers have not separately verified the information contained in the Offering Circular. None of the Arranger, the Dealers, the Agent or the Trustee or any director, officer, employee, agent or affiliate of such person makes any representation, warranty or undertaking, express or implied, or accepts any responsibility as to the accuracy or completeness of the information contained in this Offering Circular or for any other statement made or purported to be made by the Issuers and the Guarantor in connection with either of them or the issue and offering of the Notes. Each Arranger, Dealer and the Trustee accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Offering Circular or any such statement.*

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of the Offering Circular, 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 the Offering Circular.*

*No person has been authorised to give any information or to make any representation not contained in or not consistent with the Offering Circular or any other document entered into in relation to the Programme or any other information supplied by the Issuers or the Guarantor in connection with the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuers or the Guarantor or any of the Arranger or the Dealers.*

*Neither the Offering Circular nor any other information supplied or incorporated by inference in connection with the Programme is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuers, the Guarantor or any of the Arranger or the Dealers or any director, officer, employee, agent or affiliate of such person, that any recipient of the Offering Circular, or of any such information, should purchase any of the Notes. Each investor contemplating purchasing any of the Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the relevant Issuer and the Guarantor (if applicable). Neither the Offering Circular, the Pricing Supplement, nor any other information supplied or incorporated by reference in connection with the Notes constitutes an offer or invitation by or on behalf of the Issuers, the Guarantor or any of the Dealers to any person to subscribe for or purchase any of the Notes.*

*The Arranger and the Dealers expressly do not undertake to review the financial condition or affairs of the Issuers, the Guarantor and their subsidiaries during the life of the Programme. Investors should review, inter alia, the most recent financial statements of the Issuers and the Guarantor when deciding whether or not to subscribe for, or purchase, any of the Notes.*

*Neither the delivery of the Offering Circular or any Pricing Supplement nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in the Offering Circular is true subsequent to the date hereof or the date upon which the Offering Circular has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any material adverse change, in the Issuers' or the Guarantor's prospects, financial or trading position since the date thereof or, if later, the date upon which the Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.*

*The distribution of the Offering Circular and the offer or sale of the Notes may be restricted by law in certain jurisdictions. Persons into whose possession the Offering Circular or any Notes come must inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of the Offering Circular and the offer or sale of the Notes in the United States, the European Economic Area, the United Kingdom, Hong Kong, the Cayman Islands, Japan and Singapore, as described in the Offering Circular (see "Subscription and Sale").*

*The Offering Circular does not describe all of the risks and investment considerations (including those relating to each investor's particular circumstances) of an investment in the Notes of a particular issue. Each investor contemplating purchasing any of the Notes should refer to and consider carefully the relevant Pricing Supplement for each particular issue of Notes, which may describe additional risks and investment considerations associated with such Notes. The risks and investment considerations identified in the Offering Circular and the applicable Pricing Supplement are provided as general information only. Investors should consult their own financial and legal advisors as to the risks and investment considerations arising from an investment of an issue of Notes and should possess the appropriate resources to analyse such investment and the suitability of such investment in their particular circumstances.*

*In the Offering Circular, references to "HK\$" and "HK dollars" are to Hong Kong dollars, references to "US\$" and "US dollars" are to United States dollars, references to "CNY", "RMB" and "Renminbi" are to the currency of the People's Republic of China, references to "C.I.\$" are to Cayman Islands dollars, references to "sterling" and "£" are to United Kingdom pounds sterling and references to "euro" are to the currency of member states of the European Union that adopted the single currency introduced at the start of the third stage of economic and monetary union in accordance with the Treaty on the Functioning of the European Union as amended from time to time. References to any other currency or composite currency in any applicable Pricing Supplement will be defined therein. References to "Hong Kong" are references to the Hong Kong Special Administrative Region of the People's Republic of China. References to "Macao" are references to the Macao Special*

*Administrative Region of the People's Republic of China. References to the "PRC" are references to the People's Republic of China and, for the purposes of this Offering Circular, includes Hong Kong, Taiwan and Macao. References to "Mainland China" are references to the People's Republic of China and, for the purposes of this Offering Circular, excludes Hong Kong, Taiwan and Macao. References to the "Central People's Government" are references to the central government of the PRC.*

**In connection with the issue of any Tranche, the Dealer or Dealers (if any) named as the Stabilisation manager(s) (the "Stabilisation Manager(s)") (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Pricing Supplement may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.**

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# Documents Incorporated by Reference

This Offering Circular should be read and construed in conjunction with: (a) the consolidated Annual Report and audited annual accounts of MTRCL and its subsidiaries (the "Group") for the years ended 31st December 2020 and 31st December 2021 together with the audit reports prepared in connection therewith; (b) the audited annual financial statements of MTR Cayman for the years ended 31st December 2020 and 31st December 2021 together with the audit reports prepared in connection therewith; (c) the unaudited interim financial report of the Group for the half year ended 30th June 2022 together with the review report prepared in connection therewith; (d) the latest published annual or interim results announcements of MTRCL, the latest published consolidated Annual Report and audited annual accounts of the Group or the unaudited interim financial report of the Group from time to time (if any); (e) the latest published sustainability report of MTRCL from time to time; and (f) the latest Sustainable Finance Framework and the Sustainable Finance Report of MTRCL that are published on MTRCL's website (www.mtr.com.hk) from time to time. In respect of the documents referred to in (d) and (e) above, the relevant "published" document refers to MTRCL's annual results announcement, interim results announcement or sustainability report, in each case, that is published on MTRCL's website (www.mtr.com.hk) and/or the website of the Hong Kong Stock Exchange (www.hkexnews.hk). The documents referred to in (a) to (f) above shall be incorporated in and form part of this Offering Circular in each case, excluding any "forward-looking statements" contained in such documents. Words such as "believe", "expect", "plan", "anticipate", "schedule", "estimate" and similar words or expressions identify forward-looking statements. However, these words are not the exclusive means of identifying forward-looking statements. All statements other than statements of historical facts, including, but without limitation, those regarding the financial position and results of operations, business strategy, prospects, capital expenditure and investment plans of the Issuers and/or the Group and the plans and objectives of the Issuers' and/or Group's management for future operations, are forward-looking statements. Any statement contained herein or in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained in any such subsequent document which is incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

This Offering Circular should be read and construed in conjunction with:

(i) each relevant Pricing Supplement; and

(ii) all amendments and supplements from time to time to this Offering Circular;

which shall be deemed to be incorporated in, and to form part of, this Offering Circular and which shall be deemed to modify or supersede the contents of this Offering Circular.

MTRCL will provide to each person to whom a copy of this Offering Circular has been delivered, upon the oral or written request of such person, a copy of any or all of the documents which are incorporated herein by reference unless such documents have already been supplied to such person. Written requests for such documents should be directed to MTRCL at its principal office set out at the end of this Offering Circular. In addition, such documents will be available from the principal office of the Agent.

# Supplementary Offering Circular

The Issuers have given an undertaking to the Dealers that if at any time during the duration of the Programme there is a significant new factor, material mistake or inaccuracy relating to information contained in this Offering Circular which is capable of affecting the assessment of any Notes and whose inclusion in this Offering Circular or removal is necessary for the purpose of allowing an investor to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuers, and the rights attaching to the Notes, the Issuers shall prepare an amendment or supplement to this Offering Circular or publish a replacement Offering Circular for use in connection with any subsequent offering of the Notes and shall supply to each Dealer and the Trustee such number of copies of such supplement hereto as such Dealer and the Trustee may reasonably request.

# Summary

*This summary must be read as an introduction to this Offering Circular. Any decision to invest in any Notes should be based on a consideration of this Offering Circular as a whole, including the documents incorporated by reference.*

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| **Issuer** | MTRCL or MTR Cayman. |
| **Guarantor (if MTR Cayman is the relevant Issuer)** | MTRCL. |
| **Description** | Guaranteed Debt Issuance Programme. |
| **Arranger** | The Hongkong and Shanghai Banking Corporation Limited. |
| **Dealers** | Australia and New Zealand Banking Group Limited<br>Barclays Bank PLC<br>BNP Paribas<br>Citigroup Global Markets Limited<br>Crédit Agricole Corporate and Investment Bank<br>Deutsche Bank AG, Hong Kong Branch<br>Goldman Sachs (Asia) L.L.C.<br>The Hongkong and Shanghai Banking Corporation Limited<br>J.P. Morgan Securities plc<br>Merrill Lynch (Asia Pacific) Limited<br>Mizuho Securities Asia Limited<br>Morgan Stanley & Co. International plc<br>MUFG Securities EMEA plc<br>Nomura International plc<br>Standard Chartered Bank (Hong Kong) Limited<br>UBS AG Hong Kong Branch<br>United Overseas Bank Limited, Hong Kong Branch<br>Westpac Banking Corporation<br><br>The Issuers and the Guarantor may from time to time terminate the appointment of any Dealer under the Programme or appoint additional Dealers either in respect of one or more Tranches or in respect of the whole Programme. |
| **Agent, Principal Paying Agent, Transfer Agent and Registrar** | Citibank, N.A. |
| **HK Reference, Lodging, Paying and Transfer Agent** | Citibank, N.A., Hong Kong Branch. |

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| **Paying and Transfer Agents** | Citibank, N.A. and Citibank N.A., Hong Kong Branch. |
| **Trustee** | The Law Debenture Trust Corporation p.l.c. |
| **Amount** | Up to US$7,000,000,000 (or its equivalent in other currencies calculated at the time of the agreement to issue) outstanding at any time. The Issuers will have the option at any time to increase the aggregate principal amount of the Programme in accordance with the terms of the Programme Agreement. |
| **Distribution** | Notes may be distributed by way of private placement on a syndicated or non-syndicated basis. |
| **Currencies** | Subject to compliance with all relevant laws, regulations and directives, such currencies as may be agreed upon between the relevant Issuer and the relevant Dealer(s). |
| **Redenomination** | Notes may, in certain circumstances, be redenominated into euro as provided in Condition 10 under "Terms and Conditions of the Notes" (the "Conditions"). |
| **Maturities** | Subject to compliance with all relevant laws, regulations and directives, the Notes will have any maturity that is one month or greater. |
| **Issue Price** | Notes may be issued on a fully paid or a partly paid basis and at an issue price which is equal to, less than, or more than their principal amount. |
| **Form of Notes** | Each Tranche of Notes with a maturity of more than 365 days will initially be represented by a Temporary Global Note, unless the applicable Pricing Supplement specifies otherwise, and each Tranche with a maturity of 365 days or less will initially be represented by a Permanent Global Note, unless the applicable Pricing Supplement specifies otherwise.<br><br>See "Summary of Provisions relating to the Notes while in Global Form". |
| **Fixed Rate Notes** | Fixed Rate Notes will bear interest at such rate(s) and will be payable in arrear on such date or dates, as may be agreed between the relevant Issuer and the relevant Dealer(s) (as indicated in the applicable Pricing Supplement) and on redemption. |

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| **Floating Rate Notes** | Floating Rate Notes will bear interest (i) calculated on the same basis as the floating amounts under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc. and as amended, updated or replaced as at the Issue Date of the first Tranche of the Notes of the relevant Series), or (ii) by reference to a specified Screen or Reference Bank Rate, or (iii) on such other basis as may be agreed between the relevant Issuer and the relevant Dealer(s) (as indicated in the applicable Pricing Supplement). Interest on Floating Rate Notes in respect of each Interest Period, as selected prior to issue by the relevant Issuer and the relevant Dealer(s), will be payable on the first day of the next Interest Period and on maturity. |
| **Dual Currency Notes** | Payments (whether with respect to principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the relevant Issuer and the relevant Dealer(s) may agree (as indicated in the applicable Pricing Supplement). |
| **Index-Linked Notes** | Payments (whether with respect to principal or interest and whether at maturity or otherwise) in respect of Index-Linked Notes will be calculated by reference to such index and/or formula as the relevant Issuer and the relevant Dealer(s) may agree (as indicated in the applicable Pricing Supplement). |
| **Zero Coupon Notes** | Zero Coupon Notes may be offered and sold at a discount to their face amount and will not bear interest except in the case of any late payment as provided in Condition 5. |
| **Optional Redemption** | The Pricing Supplement relating to each Tranche of Notes will indicate either that the Notes cannot be redeemed prior to their stated maturity (other than redemptions by instalments, if applicable, or for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the relevant Issuer and/or the Noteholders upon giving not less than 30 nor more than 60 days' irrevocable notice to the Noteholders or the relevant Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such terms as are indicated in the applicable Pricing Supplement, subject to applicable currency regulations. |
| **Redemption by Instalments** | Notes may be repayable in two or more instalments of such amounts and on such dates as indicated in the applicable Pricing Supplement. |

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| **Denomination of Definitive Notes** | Definitive Notes will be in such denominations as may be agreed between the relevant Issuer and the relevant Dealer(s) and as specified in the relevant Pricing Supplement save that unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the relevant Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000 will have a minimum denomination of £100,000 (or its equivalent in other currencies). |
| **Taxation** | All payments in respect of the Notes will be made without withholding or deduction for or on account of any present or future tax, duty or charge of whatsoever nature imposed or levied by or on behalf of Hong Kong or the Cayman Islands, or any authority having power to levy tax in Hong Kong or the Cayman Islands, except as provided in Condition 11. |
| **Guarantee and Status of the Notes** | The Notes, the Coupons and the Receipts and the Guarantee in respect of Notes, Coupons and Receipts issued by the relevant Issuer are direct, unconditional, unsubordinated, general and (subject to Condition 2(b)) unsecured obligations of the relevant Issuer and (where MTR Cayman is the relevant Issuer) the Guarantor ranking *pari passu* in all respects and rateably without preference or priority (except for any statutory preference or priority applicable in the winding-up of the relevant Issuer and (where MTR Cayman is the relevant Issuer) the Guarantor) with all other outstanding direct, unconditional, unsecured, general and unsubordinated obligations (contingent or otherwise, present and future) of the relevant Issuer and (where MTR Cayman is the relevant Issuer) the Guarantor. |
| **Negative Pledge** | The Conditions will, unless the applicable Pricing Supplement indicates otherwise, contain a negative pledge provision as described in Condition 2(b). |
| **Cross Default** | The Conditions will, unless the applicable Pricing Supplement indicates otherwise, contain a cross default provision as described in Condition 12(b). |
| **Listing and Trading** | Application has been made to the Hong Kong Stock Exchange for the listing of the Programme under which Notes may be issued by way of debt issues to Professional Investors only during the 12-month period after the date of this Offering Circular on the Hong Kong Stock |

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| | Exchange. Separate application will be made for the listing of Notes issued under the Programme on the Hong Kong Stock Exchange.<br><br>The Notes may be listed on the Hong Kong Stock Exchange and/or on such other additional stock exchange(s) or as may be agreed between the relevant Issuer and the relevant Dealer(s) in relation to each Series as indicated in the applicable Pricing Supplement, and all references to listing shall be construed accordingly. Unlisted Notes may also be issued. The Pricing Supplement relating to each Tranche will state whether or not the Notes are to be listed and, if so, the relevant stock exchange(s).<br><br>The Programme Agreement provides that, if the maintenance of the listing of any Notes has, in the opinion of the relevant Issuer, become, inter alia, unduly onerous, the relevant Issuer shall be entitled to terminate such listing subject to its using its reasonable endeavours to list or admit to trading the Notes on a stock exchange within or outside the European Union to be agreed between the relevant Issuer, the Guarantor and the relevant Dealer(s) or, as the case may be, the Lead Manager.<br><br>Notes listed on Hong Kong Stock Exchange will be traded on Hong Kong Stock Exchange in a board lot size of at least HK$500,000 (or its equivalent in other currencies). |
| **Ratings** | Notes issued under the Programme may be rated or unrated. When an issue of Notes is rated, its rating will not necessarily be the same as the rating applicable to the Programme and (where applicable) such rating will be specified in the relevant Pricing Supplement. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. |
| **Governing Law** | The Notes will be governed by, and construed in accordance with, English law. Any matter, claim or dispute arising out of or in connection with the Notes, whether contractual or non-contractual, is to be governed by and construed in accordance with English law. |
| **Clearing Systems** | Euroclear, Clearstream, CMU or other relevant clearing systems, as specified in the relevant Pricing Supplement. |
| **Selling Restrictions** | United States, the European Economic Area, United Kingdom, Hong Kong, Cayman Islands, Japan and Singapore and such other restrictions as may be required in connection with a particular issue of Notes (see "Subscription and Sale"). |

# Risk Factors

*Each Issuer believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. All of these factors are contingencies which may or may not occur and neither Issuer is in a position to express a view on the likelihood of any such contingency occurring.*

*Factors which each Issuer believes may be material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.*

*Each Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but an Issuer may be unable to pay interest, principal or other amounts on or in connection with any Notes for other reasons and neither of the Issuers represents that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular (including any documents deemed to be incorporated by reference herein) and reach their own views prior to making any investment decision.*

## FACTORS THAT MAY AFFECT THE ISSUERS' ABILITY TO FULFIL THEIR OBLIGATIONS UNDER THE NOTES ISSUED UNDER THE PROGRAMME

### *Risks relating to MTRCL and its business*

*Competition in Hong Kong from other transport providers may adversely affect MTRCL.*
MTRCL competes with other transport providers, principally franchised bus and public light bus operators, as well as non-franchised bus, tram and ferry operators, and taxis. MTRCL's competitive strengths of speed, reliability and comfort may have been eroded in recent years with:

(i) the general improvement in bus services;

(ii) the expanding bus network; and

(iii) the opening of new highways and expressways, thus resulting in an overall improvement in road traffic conditions.

The lower capital costs of MTRCL's competitors and their greater inherent structural flexibility may enable them to respond to changing passenger demand more quickly than MTRCL can. In the Railway Development Strategy 2000 published in May 2000, the Government confirmed that railways are essential to Hong Kong's continued economic, social and land development and will be given priority in the Government's plans for infrastructure development. Within this framework, the Government also recognised that franchised buses would continue to play an essential role in the public transport system in Hong Kong. As a result, MTRCL does not expect the Government to take any particular direct measures which, in the short-term, would have the effect of reducing or containing patronage on franchised buses or public light buses for the purpose of increasing MTRCL's patronage. The Government completed its review and update of the Railway Development Strategy 2000 in 2014. For more information, please see pages 94 to 97 under the heading "Potential Future Extensions".

*The growth of MTRCL's railway and property businesses and increase in patronage depend, in part, on the award to the Company of new railway projects, the implementation of those projects and on other factors that MTRCL may not be able to control.*

The growth of MTRCL's railway and property businesses depends, in part, on whether new railway projects are awarded to the Company and whether it can implement them in a timely and effective manner in order to expand capacity and, thereby, accommodate more passengers, and develop more properties. MTRCL's plans for new railway projects are subject to a number of uncertainties, including:

(i) whether, and on what terms, including the grant of property development rights, certain new railway projects will be awarded to the Company and, in particular, whether such terms will enable the Company to earn a commercial rate of return on its investment in new railway projects;

(ii) whether there will be a sufficient population in the catchment area for a new railway project and whether that catchment area is encouraged to use the mass transit railway system as a result of government planning of highways and bus routes; and

(iii) whether MTRCL will be able to obtain adequate financing on acceptable terms to fund the required capital expenditures.

MTRCL cannot assure investors that new railway projects will be awarded to the Company. In addition, although MTRCL has significant experience in the design and construction of railway projects since 1975, MTRCL cannot assure investors that railway projects undertaken by it will be completed on time and within budget. Please see pages 94 to 97 under the heading "Potential Future Extensions" for a discussion on MTRCL's current railway projects.

On 17th September 2014, the Government issued its Railway Development Strategy 2014 ("RDS 2014"), which outlined the Government's agenda for railway expansion in Hong Kong up to 2031.

Under the RDS 2014, the Government proposed to develop seven new railway projects. MTRCL cannot assure investors that any of these new projects proposed under the RDS 2014 will be implemented by the Government and there is no certainty that any or all of these new railway projects will be awarded to the Company. For more information regarding the Government's proposed projects under RDS 2014, please see pages 94 to 97 under the heading "Potential Future Extensions".

Since the Rail Merger (as defined on page 24) which took effect on 2nd December 2007 (the "Merger Date"), the award of new projects has been subject to the terms set out in the New Operating

Agreement (as defined on page 92). The New Operating Agreement provides for three types of new project: natural extensions of the Mass Transit Railway (the "MTR railway"); natural extensions of the Kowloon-Canton Railway (the "KCR railway"); and 'separate' projects. For natural extensions of the MTR railway, the Company will be invited on an exclusive basis to undertake the project under the ownership approach and to submit a proposal. If agreement cannot be reached on the terms of the project, the Government may invite third parties to undertake the project. For natural extensions of the KCR railway, the Government may decide to adopt the ownership or the concession approach. If the Government decides to adopt the ownership approach, MTRCL will have the exclusive right to make proposals in respect of such new projects. If agreement cannot be reached on the terms of the project, the Government may invite third parties or, alternatively, invite the Company to operate the new project under the concession approach. For new 'separate' projects, the Government may decide to adopt the ownership or the concession approach. If the Government decides to adopt the ownership approach, it may invite the Company to submit a proposal or award the project through an open tender. If the Government decides to adopt the concession approach, it may invite the Company and/or third parties to operate the new project under the concession approach. Therefore, even after the Rail Merger, the Company cannot assure investors that new railway projects will be awarded to it.

Since 2018, MTRCL has had to deal with incidents relating to the Shatin to Central Link ("SCL") project, i.e. the inadequacies in respect of the construction process and MTRCL's project management in relation to the Hung Hom Station extension and its adjacent structures, namely the North Approach Tunnel, the South Approach Tunnel and the Hung Hom Stabling Sidings (together, the "Hung Hom Incidents"). The HKSAR Chief Executive in Council set up a Commission of Inquiry to investigate matters relating to the Hung Hom Incidents (the "COI"). On 12th May 2020, the Government released the final report of the COI, which concluded that, with the completion of suitable measures, the relevant structures at and near the extension of Hung Hom Station will be safe and fit for purpose. The suitable measures were completed by mid-2020. Based on the recommendations of the review carried out by the Capital Works Committee of the MTR Board aided by an external consultant and COI's interim report, MTRCL updated and improved its project management practices. On 1st February 2021, the final report of the Expert Adviser Team ("EAT") on the SCL project, which was appointed by the Government in August 2018 to conduct a review of the Company's project management system and recommend additional management and monitoring measures to be undertaken by the Company and the Government in taking forward the SCL project, was released by the Government. The report also noted that it is safe in practical terms to use the related built structures at Hung Hom Station for their intended purposes after the implementation of the suitable measures. On 23rd April 2021, the Government released the audit report submitted by the Independent Audit Panel for "Implementation of Recommendations in the Final Report of the Commission of Inquiry into the Construction Works at and near the Hung Hom Station Extension under the Shatin to Central Link Project". The report concludes that the Company has implemented the majority of the COI recommendations. Regarding the remaining recommendations, which primarily relate to amendments of the project management procedures and review of the suite of contract documents to be adopted for future projects, the Company is making satisfactory progress towards implementation, with a view to having these in place ready for the construction of the new RDS 2014 projects.

In order to progress the SCL project and to facilitate the phased opening of the Tuen Ma Line (Tai Wai to Hung Hom section) (the "Phased Opening") in the first quarter of 2020, MTRCL announced in July 2019 that it agreed to fund, on an interim and without prejudice basis, the costs for the preparation and implementation of the Phased Opening, as well as the costs associated with the Hung Hom Incidents (together, the "Hung Hom Incidents Related Costs"), whilst reserving its position as to the ultimate liability for such costs. MTRCL recognised a provision of HK$2 billion in its consolidated profit and loss account for the year ended 31st December 2019. During the six months ended 30th June 2022, the provision utilised amounted to HK$66 million and no provision was written back. As at 30th June 2022, the provision (net of amount utilised) was HK$878 million.

Due to continuing challenges posed by external factors, MTRCL completed a further review and revalidation of the cost to complete in respect of the SCL project in early 2020 and notified the Government accordingly, including an additional project management fee payable to MTRCL of HK$1,371 million ("Additional PMC"), being the additional cost to MTRCL of carrying out its remaining project management responsibilities under the SCL Entrustment Agreement entered into between MTRCL and the Government. This HK$1,371 million is separate from the Hung Hom Incidents Related Costs. However, the Government considers there has been no material modification in respect of the SCL project and, therefore, disagrees to the inclusion of any Additional PMC in the cost to complete. The additional funding sought by the Government and subsequently approved by the Legislative Council on 12th June 2020 did not include any amount of Additional PMC for MTRCL. MTRCL has written to the Government to restate MTRCL's belief that MTRCL is entitled, in accordance with the provisions of the SCL EA3 (as defined below), to an increase in the project management fee. However, the Government has responded by reiterating the reasons above for maintaining its position of disagreement to any increase in the project management fee. The Group has recognised a provision of HK$1,371 million, for the estimated additional cost to the Company of continuing to comply with its project management responsibilities, in its consolidated profit and loss account for the year ended 31st December 2020. During the six months ended 30th June 2022, the provision utilised amounted to HK$168 million and no provision was written back. As at 30th June 2022, the provision (net of amount utilised) was HK$625 million.

As the eventual outcome of the discussions between MTRCL and the Government on matters including the overall settlement in relation to the Hung Hom Incidents and the Additional PMC remain highly uncertain, MTRCL is currently not able to measure with sufficient reliability the ultimate amount of MTRCL's obligation or liability arising from the SCL project as a whole in light of the significant uncertainties involved. Please refer to pages 82 to 89 for further information relating to the SCL project.

Patronage will hinge on macro-economic factors, such as population, employment growth and visitors arrival growth and distribution and changes in demographics and economic conditions. It will also be affected by the amount of road congestion and any expansion of the bus network. Furthermore, because of certain inherent capacity limitations and structural inflexibilities of the MTR railway, MTRCL may not be able to respond quickly to increases in demand. For example, MTRCL cannot quickly change its routes to cater for new passenger demand in areas in which it does not operate.

*MTRCL's ability to raise fares to cover MTRCL's operating costs could be limited by a number of factors.*
Since the Rail Merger, the Company's setting of the majority of its fares has been made in accordance with the Fare Adjustment Mechanism ("FAM"). The FAM requires the Company to adjust its fares according to a pre-determined formula based on changes in the composite consumer price index and wage index, and a productivity factor. Although the composite consumer price index and wage index correlate to the costs of the Company, the FAM is not directly linked to the costs of operating the MTR and KCR railways. There is a risk therefore that although the costs to the Company of operating the railways may increase (for example, as a result of increased maintenance cost or increased energy and utility costs), the Company may not be able to raise its fares as high as the increase in costs.

Furthermore, because of the lack of a direct relationship between the FAM and the Company's cost base, there is also the risk that the FAM could require the Company to decrease its fares by a greater percentage than any decrease in the Company's costs. In addition, external political and social pressures may require the Company to offer discounts and concessions to certain passengers to mitigate the effects of any upward fare increase in accordance with the FAM, or even where there has been no fare increase in accordance with the FAM. While there was no fare increase for 2020, in response to the COVID-19 pandemic, MTRCL introduced a 20% rebate to customers (partially funded by the government) from July 2020 to March 2021, after which a 5% rebate was offered from 1st April 2021 to 26th June 2021. Following the revisions in June 2021 of the overall fare adjustment rate under the FAM for 2021/22, fare was reduced by 1.85% with effect from 27th June 2021. At the same time, MTRCL introduced a rebate of 3.8% (0.8% on top of the 3% rebate under FAM commitment) till 1st January 2022, implying that customers would continue to enjoy a saving of about 5% on actual fares. The 3.8% was further extended from January 2022 to end June 2022. In March 2022, MTRCL announced that there would be no adjustment of fares in 2022/23 according to the FAM and that the overall fare adjustment rate calculated at 0.5% would be rolled over to 2023/24, in accordance with the FAM. This marked the third consecutive time with no fare increase under the FAM. MTRCL also announced that the 3.8% rebate (0.8% over normal FAM commitment of 3%) would be extended to 1st January 2023. In addition, the Company announced there would be no price adjustments for "Monthly Pass Extras", "MTR City Saver" and the "Tuen Mun–Nam Cheong Day Pass"; that the 35%-off "Early Bird Discount Promotion" would be extended until 31st May 2023; and that the interchange discount (HK$0.3 or above) for green minibuses covering more than 500 designated routes would be continued. Please see pages 91 to 94 for details relating to the Company's applications of the FAM.

In accordance with the New Operating Agreement, the FAM is subject to review every five years upon request by either the Company or the Government. The first FAM review was completed in April 2013. In April 2016, the Company agreed to an early joint review of the FAM as requested by the Government, thereby advancing the next scheduled review by one year (the "Early Review"). The Early Review was completed in 2017 (see page 92 for more details) and the next review is expected to begin in the second half of 2022 and conclude in the first half of 2023. The FAM after review will take effect in June/July 2023. As noted above, external political and social pressures may affect the review of the FAM and any amendment to the FAM may affect the Company's ability to adjust its fares in the future.

As the Group's railway operations continue to expand into other jurisdictions, if the Group is not able to increase its fares in a jurisdiction to cover increasing costs of operations, this may adversely affect the Group's profitability in operating railways in that jurisdiction. For example, the fares for the Shenzhen Metro Line 4 have not increased since we began operating the line in 2010. Shenzhen Metro Line 4 forms part of the Shenzhen metro system, which is operated by a wholly owned subsidiary, MTR Corporation (Shenzhen) Limited. In July 2020, the Shenzhen Municipal Government announced a fare adjustment framework for the Shenzhen Metro network that would come into effect on 1st January 2021. This framework was expected to enable the establishment of a mechanism for fare-setting and the implementation procedures for fare adjustments. Up to 30th June 2022, there has been no increase in Shenzhen Metro Line 4's fare whilst the operating costs continue to rise. If a suitable fare increase and adjustment mechanism are not implemented soon, the long-term financial viability of the Shenzhen Metro Line 4 will be impacted. As it is anticipated that the mechanism and procedures for fare adjustments will take longer time to implement and patronage will remain at a lower level for a period of time, an impairment test was performed for Shenzhen Metro Line 4, which carried a book value of HK$4,589 million, and the corresponding recoverable amount was determined at HK$3,627 million as at 30th June 2022. As such, an impairment provision of HK$962 million was recognised for the Shenzhen Metro Line 4 service concession assets in the consolidated profit and loss account for the six months ended 30th June 2022. The recoverable amount tested for impairment has been determined based on a value in use calculation covering the remaining services concession period. An estimated pre-tax discount rate of 9.2% was used in estimating Shenzhen Metro Line 4's value in use.

*If MTRCL is unable to continue expanding its business initiatives outside Hong Kong, its growth prospects could be materially and adversely affected.*

MTRCL has been conducting consulting business and pursuing new investments outside Hong Kong, including in Mainland China, Macao, Europe and Australia (see pages 102 to 108 for more details). These investments outside Hong Kong are subject to the risks of investing in those specific areas, as well as risks generally associated with doing business in a new country.

In addition, MTRCL's railway businesses outside of Hong Kong have been adversely affected to varying degrees as a result of the COVID-19 pandemic and related government measures, recording a drop in patronage across the different markets, decreased farebox revenue and reduced service. In particular, the operator of the Melbourne metropolitan rail network, being a subsidiary of MTRCL, reached an agreement with the State government for a support package to address the impact of the pandemic in May 2020 and South Western Railway operated under the terms of the Emergency Measures Agreement since March 2020 which transitioned into the Emergency Recovery Measures Agreement in September 2020 for a period spanning to May 2021. Following the end of the Emergency Recovery Measures Agreement, in May 2021, a National Rail Contract in relation to the South Western Railway for a primary two-year term lasting till May 2023 was signed, with an option to be extended by up to two further years at the Department for Transport in the United Kingdom's ("DfT") discretion, under which the DfT will retain all revenue risk and substantially all cost risk. The financial impact on MTRCL has varied depending on the business model and contractual arrangements in respect of each railway business.

As such, MTRCL also cannot assure investors that it will be successful in carrying out new projects that are in markets outside of Hong Kong, in renewing overseas' franchises and in implementing its business strategies outside Hong Kong, and failure to do so could limit its growth prospects and have a material adverse effect on its future profitability.

In addition, as MTRCL's business continues to expand outside Hong Kong, the Company may be subject to increased foreign currency risks. In particular, the value of, and income generated from, MTRCL's investments outside Hong Kong may be subject to fluctuations in currency exchange rates which may impact on MTRCL's profitability when translated into Hong Kong dollars.

*The Government can exert significant influence on MTRCL, and could cause the Company to make decisions, modify the scope of its activities or impose new obligations on the Company that may not be in the Company's best interest or that of its other shareholders.*

As long as the Government remains a majority shareholder of MTRCL, the Government is able to appoint MTRCL's entire Board of Directors (the "Board"). Accordingly, the Government is in a position to significantly influence MTRCL's major business decisions and strategies, including the scope of its activities and investment decisions and its dividend policy. Please see page 75 for a description of the Government's beneficial ownership of MTRCL's share capital. MTRCL also competes with Kowloon Motor Bus, New World First Bus and Citybus, each of which has two board members who are appointed by the Government. Each of Kowloon Motor Bus, New World First Bus, Citybus and other transport providers, such as taxi operators and minibus operators, are regulated by the Government. The Government may use its ability to influence MTRCL's business and/or the businesses of the Company's competitors (whether through its shareholding interest, board representation or through regulation) in a manner that may not be in MTRCL's best interest.

A number of provisions in the New Operating Agreement (as defined on page 92) are related to prevailing Government policies, including the provisions relating to the amount of land premium payable by MTRCL for the grant of land. The Government may change its policies, intentions, preferences, views, expectations, projections, forecasts and opinions, including as a result of changes in the economic, political and social environment, its projections of population and employment growth. In addition, the Mass Transit Railway Ordinance and its subsidiary legislation may be amended, modified or repealed in accordance with the Hong Kong legislative process. Any amendment, modification or repeal could modify the existing regulatory regime and materially and adversely affect MTRCL's financial condition and results of operations. The Government has agreed with MTRCL under the New Operating Agreement that it will not make any new regulations under the Mass Transit Railway Ordinance without first having consulted the Company and having taken account of all reasonable representations made by the Company.

The Government may also adopt new policies and enact new laws, including in relation to environmental matters, which may result in increased operating and construction costs for MTRCL or otherwise have a material adverse effect on the Company's business, financial condition and results of operations.

*MTRCL requires significant capital for its business and is exposed to the impact of interest rate and foreign currency movements in respect of its borrowings. If the Company is unable to obtain additional capital on acceptable terms when needed, its growth prospects and future profitability may be adversely affected.*

MTRCL incurs substantial capital expenditures each year to maintain, renew and replace its operating assets and infrastructure. MTRCL may also incur substantial capital expenditures when it undertakes new railway projects and investments in Hong Kong, Mainland China and overseas.

Substantial portions of MTRCL's operating cash flows are used to pay for these capital expenditures. If MTRCL is unable to fund capital expenditures from operating cash flows and external sources, it will be required to reduce its capital expenditures. This would restrict MTRCL's ability to grow and, over time, could reduce the quality and reliability of the service the Company provides.

In addition, MTRCL has borrowed, and expects to continue to borrow, significant amounts at floating interest rates and in foreign currencies. In order to reduce its exposure to movements in interest rates and exchange rates, MTRCL has typically hedged a portion of such exposure by entering into interest rate or cross currency swap arrangements. This helps to reduce, but does not eliminate, the impact of interest rate and foreign currency movements. An increase in interest rates, or fluctuations in exchange rates between the Hong Kong dollar and other currencies, may limit the availability or increase the cost of such swaps or hedging instruments. This may increase MTRCL's borrowing costs or reduce the availability of funding.

*Investments in new projects related to MTRCL's railway operations will increase the Company's overall depreciation charges, and interest and finance charges which could have a material adverse effect on the Company's financial condition and results of operations. Moreover, any failure to generate the necessary returns on these investments could materially reduce MTRCL's profitability.*

Investments in MTRCL's infrastructure, such as improvements to the Company's existing railway assets, the construction of new railway projects, or the extension of existing railway lines, generally involve substantial capital expenditures. Investments in future new railway projects may require significant capital expenditures and long periods of time to generate the necessary returns and may lead to increased interest and depreciation expenses in the future, which could have a material adverse effect on MTRCL's financial condition and results of operations. Moreover, any failure to generate the necessary returns on these investments could materially reduce MTRCL's profitability.

*MTRCL's property business is subject to fluctuations in the Hong Kong and Mainland China property markets as well as to general risks incidental to the development, ownership and management of properties.*

MTRCL's property business has in recent years accounted for, and is expected to continue to account for, a substantial portion of the Company's net profit. Most of MTRCL's completed investment properties and investment properties under development are located in Hong Kong. MTRCL also has property businesses in Mainland China.

Historically, the Hong Kong property market has been cyclical with property values affected by the amount of new land made available by the Government, the rate of economic growth in Hong Kong and political and economic developments in Hong Kong and Mainland China. Three new stamp duties have been introduced in Hong Kong since late 2012 to try to cool the property market. First, on 26th October 2012, the Financial Secretary of Hong Kong announced that the Government would amend the Stamp Duty Ordinance (Cap. 117 of the Laws of Hong Kong) to introduce with effect from 27th October 2012 a buyer's stamp duty ("BSD") on residential properties. The relevant provisions are set out in the Stamp Duty (Amendment) Ordinance (No. 2 of 2014), which was gazetted on 28th February 2014. With effect from 27th October 2012, any residential property acquired by any person (including a company) except a Hong Kong permanent resident will be subject to the BSD. BSD is to be charged at a flat rate of 15% on all residential properties, on top of the existing stamp duty and the special stamp duty, if applicable (see below). Secondly, the Stamp Duty (Amendment) Ordinance (No. 2 of 2014) requires any residential property acquired on or after 27th October 2012, either by an individual or a company (regardless of where it is incorporated), and resold within 36 months be subject to the new rates of Special Stamp Duty ("SSD"). Thirdly, the Stamp Duty (Amendment) (No. 2) Ordinance (No. 14 of 2014), which was gazetted on 25th July 2014, increases the ad valorem stamp duty ("AVD") rates on certain instruments dealing with immovable property and advances the timing for charging of ad valorem stamp duty on non-residential property transactions.

On 4th November 2016, the Government announced that the Stamp Duty Ordinance would be amended to increase the AVD rates for residential property transactions to a flat rate of 15%. Under the Government's proposal, any instrument executed on or after 5th November 2016 for the sale and purchase or transfer of residential property, unless specifically exempted or provided otherwise, will be subject to the proposed new AVD rate (a flat rate at 15% of the consideration or value of the residential property, whichever is the higher). The relevant provisions are set out in the Stamp Duty (Amendment) Ordinance 2018, which was gazetted on 19th January 2018. On 11th April 2017, the Government announced that it would introduce legislative amendments to tighten up the existing exemption arrangement for Hong Kong permanent resident ("HKPR") buyers with effect from 12th April 2017.

The relevant provisions are set out in the Stamp Duty (Amendment) Ordinance (No. 2 of 2018), which was gazetted on 20th April 2018. Unless specifically exempted or otherwise provided in the law, acquisition of more than one residential property under a single instrument executed on or after 12th April 2017 will be subject to an AVD flat rate at 15%, even if the purchaser/transferee is a HKPR who is acting on his/her own behalf and does not own any other residential property in Hong Kong at the time of acquisition. On 29th June 2018, the Government announced its decision to impose new conditions on pre-sale consents to be issued for sale of residential units in uncompleted private developments under the Lands Department's consent scheme with immediate effect. Such new conditions require that whenever a developer offers for sale residential units in a development or a phase of a development to which a pre-sale consent applies, such developer must offer not less than 20% of the total number of residential units in the development or in the phase of the development for each turn of sale (as the case may be). Together, these regimes (i.e. introducing new types of stamp duties, increasing ad valorem stamp duty rates, imposing new conditions under the consent scheme and revising the timing for settlement of stamp duties) may have a negative impact on Hong Kong's property market. However, the Stamp Duty (Amendment) Ordinance 2021 was gazetted on 19th March 2021 to lower the AVD rates for any instrument executed on or after 26th November 2020 for the sale and purchase or transfer of non-residential property.

Furthermore, the Residential Properties (First-hand Sales) Ordinance (Cap. 621 of the Laws of Hong Kong) came into full operation with effect from 29th April 2013. It has imposed further obligations and increased operational costs for MTRCL in relation to the sale of first-hand residential properties.

Economic developments outside Hong Kong, such as the China-US trade tensions, the possibility of an economic recession, a reoccurrence of the previous global credit and liquidity crisis, efforts by the Central People's Government to control inflation in Mainland China, interest rate movements in the United States and the sovereign debt crisis in Europe, could also affect the property market in Hong Kong and Mainland China.

MTRCL is exposed to the general risks inherent in relation to property development, including that construction may not be completed on schedule or within budget, that development may be affected by governmental regulations, that there may be delays in timing on a change of the parameters regarding Government land grants, that developed properties may not be leased or sold on profitable terms and that purchasers may default. The terms on which property developers are prepared to bid for development packages will also be affected by the state of the property market at the time of tender. In the event that there is a downturn in the property market in Hong Kong or Mainland China, the targeted revenue from property development could be significantly reduced. MTRCL's property business in Mainland China could be affected by governmental policies (such as land and housing policies) and property market control measures.

In relation to properties held by MTRCL as investments, since leases of Hong Kong properties are often for a short duration (typically about three years) or contain provisions requiring rent review within a short period of time (typically about three years), MTRCL's income from these properties may be subject to more frequent adjustments than would be the case in other real estate markets. MTRCL is also subject to the general risks relating to its property business including, amongst other things, fluctuations in sentiment in the property and retail sectors as a result of the COVID-19 pandemic, social unrest and public order events in Hong Kong, competition for tenants, changes in market rental levels, inability to collect rent from tenants, inflation, risk of labour movement and the need to renovate, repair and relet space periodically. For example, during the COVID-19 pandemic, MTRCL granted rental concessions to tenants on a case-by-case basis at its stations and malls to ease their financial burden. Such rental concession granted will be amortised to the profit and loss account over the remaining lease terms of respective tenants. The asset value of MTRCL's investment property portfolio may be further affected by market conditions. Depending on the extent to which these and other risks materialise, they could have a material adverse effect on the property business of MTRCL.

*In certain circumstances, the Government has the power to suspend and revoke MTRCL's franchise under the Mass Transit Railway Ordinance.*

Although the power of the Chief Executive in Council (which refers to the Chief Executive of Hong Kong acting after consultation with the Executive Council of Hong Kong) under the Mass Transit Railway Ordinance to suspend or revoke MTRCL's franchise is exercisable only in certain circumstances, the Company cannot assure investors that such power will not be exercised. If MTRCL's franchise were to be suspended or revoked, the Company would not be able to operate its railway business and, accordingly, could not generate revenues from that business.

*Accidents, natural disasters and security incidents could lead to decreased revenues and increased expenditure and reduce MTRCL's operating flexibility.*
MTRCL's operations could be affected by accidents, natural disasters and security incidents resulting in major equipment and power failures, collisions and derailments, which in turn will interrupt or prevent the operation of the mass transit railway and lead to:

(i) decreased revenues;

(ii) increased expenditure;

(iii) prolonged interruptions in, or reductions of, railway operations;

(iv) a reduction in the Company's operating flexibility;

(v) increased liabilities for the Company;

(vi) pressure for greater regulation; and

(vii) in cases which constitute a failure by MTRCL to comply with any provision of the Mass Transit Railway Ordinance or the New Operating Agreement, the potential imposition of a financial penalty.

Although MTRCL believes that the insurance it has put in place is adequate and consistent with industry practice, the Company cannot assure investors that such insurance will be sufficient to cover losses or that such insurance will continue to be available on the same terms.

*Any future outbreak of mass communicable diseases like COVID-19, Severe Acute Respiratory Syndrome, avian influenza, swine influenza or other new or contagious diseases may materially and adversely affect MTRCL's business and operations, as well as its financial condition and status.*
Hong Kong, together with certain areas in the region and elsewhere experienced in early 2003 an outbreak of Severe Acute Respiratory Syndrome, or SARS, a new and highly contagious form of atypical pneumonia. At the height of the outbreak of SARS, MTRCL's average weekday patronage on the MTR Lines decreased to a low point of 1.8 million in April 2003, and the Airport Express recorded a significant reduction in its average daily patronage to a low point of 9,200 in May 2003, due to a steep decline in the number of airport passengers. In addition, since the latter half of 2005, several countries in Asia and Europe have reported cases of avian influenza, or bird flu, a disease which was first detected in humans in 1997 in Hong Kong. While there have been no known cases of efficient human-to-human transmission of avian influenza, there can be no assurance that the virus will not mutate, thereby causing a human pandemic in Hong Kong and nearby territories. In 2009, Hong Kong and several countries across the globe reported cases of swine influenza with instances of human-to-human transmission. In 2013, cases of the H7N9 virus were also reported.

The COVID-19 pandemic outbreak has had a significant impact on MTRCL's transport operations, station commercial, property rental and other businesses. Patronage across MTRCL's network was heavily affected due to the reduced number of passengers as a result of social distancing measures, including work-from-home arrangements and face-to-face school classes suspension and related government measures such as the temporary closure of several boundary crossings between Hong Kong and Mainland China. In Hong Kong, MTRCL also offered additional fare rebates to passengers and rental concessions to tenants at its stations and malls. In the early part of 2022, the fifth wave of COVID-19 necessitated the reintroduction of anti-pandemic measures and the continuation of boundary closures, both of which had substantial impact on patronage and revenue. The COVID-19 pandemic is likely to continue to impact MTRCL's business, operations and prospects in the foreseeable future, although the precise timing and scale of the impact is currently difficult to predict and will depend on future developments.

MTRCL cannot assure investors that there will not be any future outbreak of novel coronavirus, SARS, avian influenza, swine influenza or any other contagious diseases for which there may be no known cure or vaccine. Any future outbreak of novel coronavirus, SARS, avian influenza, swine influenza or any other contagious diseases may cause patronage on the railway to again materially decrease. Furthermore, MTRCL's ability to adequately staff and maintain its operations may be significantly disrupted in such circumstances. In addition, any future outbreak of novel coronavirus, SARS, avian influenza, swine influenza or any other contagious diseases may severely restrict the general level of economic activity in Hong Kong and places where MTRCL operates its business, which may also adversely affect MTRCL's business and prospects. As a result, MTRCL cannot assure investors that any future outbreak of novel coronavirus, SARS, avian influenza, swine influenza or any other contagious disease would not have a material adverse effect on the Company's financial condition and status.

***Risks relating to the Rail Merger***

After the merger of the MTR railway and the KCR railway and related businesses (the "Rail Merger") (which occurred on the Merger Date) there are certain risks to the Company associated with operation of the KCR railway. These include the following:

*There is only limited recourse contained in the Merger Agreements in respect of defects or problems with the property of the Kowloon-Canton Railway Corporation ("KCRC") which is the subject of the Service Concession ("Concession Property"). The terms of the Rail Merger did not provide for warranties in relation to the condition or durability of Concession Property. As a result, any costs which would need to be incurred to rectify problems with the Concession Property may be a direct cost to the Company.*

*Breach of the Mass Transit Railway Ordinance or the New Operating Agreement with respect to the MTRCL's post-Rail Merger franchise relating to the KCR railway may potentially result in fines and/or, in an extreme case, revocation of the MTRCL's entire franchise.*

Since the partial privatisation of the Company in 2000, a breach of the Mass Transit Railway Ordinance and/or the Operating Agreement and New Operating Agreement (as defined on page 92) could potentially result in the revocation of the MTRCL's franchise to operate the MTR railway. After the Rail Merger, the Company is required to operate the KCR railway subject to the Mass Transit Railway Ordinance (as amended by the Rail Merger Ordinance (Ordinance No. 11 of 2007) (the "Rail Merger Ordinance")) and the New Operating Agreement. As a result, certain breaches thereof with respect to the KCR railway could potentially result in a revocation of MTRCL's entire franchise (i.e. with respect to the MTR railway as well as the KCR railway). The Company could, however, have the opportunity in certain circumstances, within specified time periods to remedy any such material breach prior to any revocation of the franchise.

*The Company contracted with KCRC without any formal guarantee from the Government. After the Rail Merger, KCRC's only substantial asset is its right to receive payments from the Company with respect to the Service Concession.*

The Rail Merger involved the Company entering into a number of arrangements with KCRC which is wholly-owned by the Government. The Government was not a party to all of the Merger Agreements. The Government did not provide any guarantee in relation to the obligations of KCRC. However, the Government provided that if, on or after the Merger Date, the Government proposes to cease to be the majority shareholder of KCRC, the Government and the Company shall, prior to the Government so ceasing to be the majority shareholder of KCRC, agree arrangements designed to provide adequate comfort to the Company as to KCRC's performance of its obligations to the Company under the Merger Agreements.

***Risks relating to Hong Kong and Mainland China***

*Economic, political and legal developments in Hong Kong and Mainland China could affect MTRCL's business.*

A substantial part of MTRCL's assets are located in Hong Kong and a substantial part of the Company's revenues are derived from Hong Kong. Accordingly, MTRCL's financial condition, results of operations and prospects are subject to a significant degree to the economic, political and legal developments in Hong Kong. Hong Kong became a Special Administrative Region of the PRC, on 1st July 1997 when the PRC resumed the exercise of sovereignty over Hong Kong. The basic policies of the Central People's Government regarding Hong Kong are embodied in the Basic Law of Hong Kong, which was adopted by the National People's Congress of the PRC on 4th April 1990 and came into effect on 1st July 1997. During the public order events in Hong Kong in the second half of 2019, MTRCL's transport operations, station commercial businesses and property rental businesses in Hong Kong were adversely affected. The public order events affected patronage, involved damage and vandalism to certain stations, facilities and malls, necessitating repair, maintenance or replacement and led to other costs being incurred for the enhancement of staffing and security as well as rental concessions. MTRCL cannot assure investors that economic, political and legal developments in Hong Kong and Mainland China (for example, China-US trade and geopolitical tensions, caution in the world markets, a weaker local economy and public order events in Hong Kong) will not materially and adversely affect the Company's business and operations.

*Any changes to import duties and governmental control over the type of dutiable goods in Hong Kong and Mainland China could affect MTRCL's leasing of retail spaces for duty free shops.*

After the Rail Merger, a significant part of MTRCL's revenue is derived from the leasing of retail spaces for duty free shops at four cross-boundary stations, namely, Lo Wu, Lok Ma Chau, Hung Hom and Hong Kong West Kowloon. Any changes to import duties and governmental control over the type of dutiable goods (such as tobacco and liquors) in the two duty zones, Hong Kong and Mainland China, can affect the mix of the type of dutiable goods and therefore the gross sales turnover generated from these retail areas and the overall rental income for MTRCL.

*Adverse economic developments in Hong Kong, Mainland China or elsewhere could have a material adverse effect on MTRCL's financial condition and results of operations.*

The majority of MTRCL's revenues and most of its net profit are derived from its business activities in Hong Kong, which are directly affected by the performance of Hong Kong's economy. Hong Kong's economy is in turn affected, directly and indirectly, by issues that are domestic to Hong Kong (including social unrest and public order events) and by the performance of the economies of Mainland China and neighbouring Asian regions. As a result, adverse economic developments in Hong Kong, Mainland China or elsewhere in the Asian region could have a material adverse effect on MTRCL's financial condition and results of operations. In addition, as MTRCL expands its business into Mainland China and other regions, adverse economic developments in Mainland China or in the regions in which MTRCL operates will have a direct impact on MTRCL's financial condition and results of operations.

*A devaluation of the Hong Kong dollar may increase costs associated with MTRCL's capital expansion and will increase the Hong Kong dollar cost of repaying its indebtedness.*

The Hong Kong dollar has been linked to the US dollar at the rate of approximately HK$7.80 to US$1.00 since 17th October 1983. The Government has repeatedly reaffirmed its commitment to this linked exchange rate system. However, in the event this policy was to be changed and there was to be a devaluation of the Hong Kong dollar, this would increase the Hong Kong dollar cost of MTRCL's foreign currency capital expenditures. In addition, the Hong Kong dollar cost of MTRCL's current and future liabilities denominated in foreign currencies would increase. As a substantial part of MTRCL's revenues are denominated in Hong Kong dollars, a devaluation of the Hong Kong dollar may increase capital costs and the related depreciation costs to the Company and increase its Hong Kong dollar interest expense on US dollar denominated indebtedness. This would in turn reduce MTRCL's operating and net profit.

***Risks related to the structure of a particular issue of Notes***

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

*Notes subject to optional redemption by the Issuers.*

An optional redemption feature is likely to limit the market value of Notes. During any period when an Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

An Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

*Dual Currency Notes.*
An Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

(a) the market price of such Notes may be volatile;

(b) the payment of principal or interest may occur at a different time or in a different currency than expected; and

(c) the amount of principal payable at redemption may be less than the nominal amount of such Notes or even zero.

*Partly-paid Notes.*
An Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of its investment.

*Variable rate Notes with a multiplier or other leverage factor.*
Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

*Floating Rate Notes.*
Reference rates and indices, including interest rate benchmarks, which are used to determine the amounts payable under financial instruments or the value of such financial instruments ("Benchmarks"), have, in recent years, been the subject of political and regulatory scrutiny as to how they are created and operated. This has resulted in regulatory reform and changes to existing Benchmarks, with further changes anticipated. These reforms and changes may cause a Benchmark to perform differently than it has done in the past or to be discontinued. Any change in the performance of a Benchmark or its discontinuation, could have a material adverse effect on any Notes referencing or linked to such Benchmark.

*Inverse Floating Rate Notes.*
Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate. The market values of such Notes typically are more volatile than market values of other

conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

*Fixed/Floating Rate Notes.*

Fixed/Floating Rate Notes may bear interest at a rate that an Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. An Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since such Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If such Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If such Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

*Notes issued at a substantial discount or premium.*

The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

*Trustee may request indemnity from noteholders.*

At any time after the Notes shall have become immediately due and repayable pursuant to Condition 12 or otherwise, the Trustee may request noteholders to provide an indemnity to its satisfaction before instituting proceedings against the Issuer and/or the Guarantor. Please see Condition 12 of the Terms and Conditions of the Notes for details.

*Perpetual Notes may be issued for which investors have no right to require redemption.*

Any perpetual Notes issued under the Programme are perpetual and have no fixed final maturity date. Holders of perpetual Notes have no right to require the Issuer to redeem perpetual Notes at any time, and an investor who acquires perpetual Notes may only dispose of such perpetual Notes by sale.

Holders of perpetual Notes who wish to sell their perpetual Notes may be unable to do so at a price at or above the amount they have paid for them, or at all. Therefore, holders of perpetual Notes should be aware that they may be required to bear the financial risks of an investment in perpetual Notes for an indefinite period of time.

*Index-Linked or Variable Redemption Amount Notes.*

If, in the case of a particular Tranche of Notes, the relevant Pricing Supplement specifies that the Notes are Index-Linked Notes or Variable Redemption Amount Notes, there is a risk that the investor may lose the value of their entire investment or part of it.

***Risks related to Notes denominated in Renminbi***

There are certain special risks associated with investing in any Notes denominated in Renminbi ("RMB Notes"). The Issuers believe that the factors described below represent the principal risks inherent in investing in RMB Notes issued, but the inability of the Issuers to pay interest, principal or other amounts on or in connection with RMB Notes may occur for other reasons and the Issuers do not represent that the statements below regarding the risks of holding RMB Notes are exhaustive.

Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision.

*Renminbi is not freely convertible; there are significant restrictions on remittance of Renminbi into and outside Mainland China.*

Renminbi is not freely convertible at present. The Central People's Government continues to regulate conversion between Renminbi and foreign currencies, including the US dollar and the Hong Kong dollar, despite the significant reduction over the years of control over routine foreign exchange transactions under current accounts. Remittance of Renminbi by foreign investors into Mainland China for the purposes of capital account items, such as capital contributions, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities and is subject to a strict monitoring system. Regulations on the remittance of Renminbi into Mainland China for settlement of capital account items are developing gradually.

Although starting from 1st October 2016, the Renminbi has been added to the Special Drawing Rights basket created by the International Monetary Fund, there is no assurance that the Central People's Government will continue to liberalise control over cross-border remittance of Renminbi in the future, that any pilot schemes for Renminbi cross-border utilisation will not be discontinued or that new regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside Mainland China.

Further, if any new regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorised as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules. In the event that funds cannot be repatriated outside Mainland China in Renminbi, the Issuer will need to source Renminbi offshore to finance its obligations under RMB Notes, and its ability to do so will be subject to the overall availability of Renminbi outside Mainland China.

Holders of beneficial interests in RMB Notes may be required to provide certifications and other information (including Renminbi account information) in order to allow such holders to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in various financial centres and cities including Hong Kong. Please see "RMB Currency Controls" for further details.

***There is only limited availability of Renminbi outside Mainland China, which may affect the liquidity of RMB Notes and the Issuer's ability to source Renminbi outside Mainland China to service RMB Notes, and in certain circumstances, amounts payable in respect of any Notes in Renminbi may be paid after the original due date and may be paid in US dollars.***

As a result of the restrictions by the Central People's Government on cross-border Renminbi fund flows, the availability of Renminbi outside Mainland China is limited.

While the People's Bank of China ("PBOC") has entered into agreements on the clearing of Renminbi business with financial institutions in Hong Kong, Taiwan and Singapore, and has established the Cross-Border Inter-Bank Payments System to facilitate cross-border Renminbi settlement and is further in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions, the current size of Renminbi-denominated financial assets outside Mainland China is limited.

Renminbi business participating banks do not have direct Renminbi liquidity support from the PBOC. The relevant RMB clearing bank only has access to onshore liquidity support from the PBOC to square open positions of participating banks for limited types of transactions, including open positions resulting from conversion services for corporations relating to cross-border trade settlement and for individual customers subject to the limitations as provided in the relevant regulatory rules in effect from time to time and for the designated business customers relating to the RMB received in providing their services. The relevant RMB clearing bank is not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services and the participating banks will need to source Renminbi from the offshore market to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of laws and regulations in Mainland China on foreign exchange.

There is no assurance that new regulations will not be promulgated or settlement agreements will not be terminated or amended in the future which will have the effect of restricting the availability of Renminbi offshore. The limited availability of Renminbi outside Mainland China may affect the liquidity of the relevant Issuer's RMB Notes. To the extent that the relevant Issuer is required to source Renminbi in the offshore market to service its RMB Notes, there is no assurance that the relevant Issuer will be able to source such Renminbi on satisfactory terms, if at all.

If any amount is payable in respect of any Notes in Renminbi, the primary obligation of the Issuer and, if applicable, the Guarantor is to make such payment in Renminbi. However, if CNY Disruption Event (as defined in Condition 7(d) of the Terms and Conditions of the Notes) is specified in the relevant Pricing Supplement and, by reason of any CNY Disruption Event, the Issuer determines that it is not reasonably practicable to make such payment in Renminbi, the Issuer has the right to postpone the due date of such payment and, if the CNY Disruption Event continues to exist for 14 consecutive calendar days from the original due date, to make the payment in US dollars instead of Renminbi. (Please refer to Condition 7(d) of the Terms and Conditions of the Notes.) There is therefore no assurance that Noteholders will receive each amount payable in Renminbi on the original due date or in Renminbi.

*Investment in RMB Notes is subject to exchange rate risks.*
The value of the Renminbi against the US dollar, the Hong Kong dollar and other foreign currencies fluctuates and is affected by changes in economic and other factors. If an investor measures its investment returns by reference to a currency other than Renminbi, an investment in the RMB Notes entails foreign exchange related risks, including possible significant changes in the value of Renminbi relative to the currency by reference to which an investor measures its investment returns. The Issuers, failing which, in the case of MTR Cayman, the Guarantor, will make all payments of interest and principal with respect to RMB Notes in Renminbi. As a result, the value of these Renminbi payments in foreign currency may vary with the prevailing exchange rates in the marketplace. For example, when an investor buys RMB Notes, such investor may need to convert foreign currency to Renminbi at the exchange rate available at that time. In August 2015, the PBOC implemented change to the way it calculates the Renminbi's daily mid-point against the US dollar to take into account market-marker quotes before announcing such daily mid-point. This change, and others that may be implemented, may increase the volatility in the value of the Renminbi against foreign currencies. If the value of Renminbi depreciates against the relevant foreign currency between then and when the relevant Issuer or the Guarantor pays back the principal of RMB Notes in Renminbi at maturity, the value of the investment in the relevant foreign currency will have declined.

*Payments in respect of RMB Notes will only be made to investors in the manner specified in RMB Notes.*
Subject to Condition 7(d), all payments to investors in respect of RMB Notes will be made solely (i) for so long as RMB Notes are represented by a Global Note, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing CMU rules and procedures, or (ii) for so long as RMB Notes are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and regulations. The relevant Issuer and the Guarantor cannot be required to make payment by any other means (including in any other currency or by transfer to a bank account in Mainland China).

*Gains on the transfer of the RMB Notes may become subject to income taxes under tax laws applicable to Mainland China.*
Under the PRC Enterprise Income Tax Law and its implementation rules, any gain realised on the transfer of RMB Notes by non-resident enterprise holders may be subject to enterprise income tax if such gain is regarded as income derived from sources within Mainland China. However, there remains uncertainty as to whether the gain realised from the transfer of the RMB Notes would be treated as income derived from sources within Mainland China and be subject to tax in Mainland China. This will depend on how the tax authorities in Mainland China interpret, apply or enforce the PRC Enterprise Income Tax Law and its implementation rules.

Therefore, if non-resident enterprise holders are required to pay income tax in Mainland China on gains on the transfer of RMB Notes (such enterprise income tax is currently levied at the rate of 10 per cent. of the gross proceeds, unless there is an applicable tax treaty between PRC and the jurisdiction in which such non-resident enterprise holders of the RMB Notes reside that reduces or exempts the relevant tax), the value of their investment in the RMB Notes may be materially and adversely affected.

***Risks related to Notes generally***

Set out below is a brief description of certain risks relating to the Notes generally:

*Modification, and waivers and substitution.*

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Terms and Conditions of the Notes also provide that the Trustee may, without the consent of Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of Notes or (ii) determine without the consent of the Noteholders that any Event of Default or potential Event of Default shall not be treated as such or (iii) the substitution of another company as principal debtor under any Notes in place of either of the Issuers, in the circumstances described in Condition 13 of the Terms and Conditions of the Notes.

*Change of law.*

The Terms and Conditions of the Notes are based on English law in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the relevant Notes.

*Notes where denominations involve integral multiples.*

In the case of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case, a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to one or integral multiples of the minimum Specified Denomination.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

***Risks related to the market generally***

Set out below is a brief description of certain market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

*The secondary market generally.*

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have an adverse effect on the market value of Notes.

*Exchange rate risks and exchange controls.*

An Issuer will pay principal and interest on the Notes in the Currency specified. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than the Currency in which the Notes are denominated. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Currency in which the Notes are denominated or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Currency in which the Notes are denominated would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency equivalent value of the principal payable on the Notes and (iii) the Investor's Currency equivalent market value of the Notes. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

*Interest rate risks.*

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of Fixed Rate Notes.

*Credit ratings may not reflect all risks.*

One or more independent credit rating agencies may assign credit ratings to an issue of Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be suspended, reduced or withdrawn by the rating agency at any time.

# Terms and Conditions of the Notes

*The following are the terms and conditions of Notes to be issued by the relevant Issuer which (subject to completion and as supplemented by the provisions of the relevant Pricing Supplement) will be attached to or incorporated by reference into each Global Note and which will be incorporated by reference or endorsed upon each Definitive Note.*

## Terms and Conditions of the Notes

This Note is one of a Series (as defined below) of Notes constituted by a Trust Deed dated 7th November 2013 (as amended, supplemented, novated or restated from time to time, the "Trust Deed") and made between the Issuer, the other issuer named therein, the Guarantor (as defined below) and The Law Debenture Trust Corporation p.l.c. (the "Trustee", which expression shall, wherever the context permits, include all other persons or companies for the time being acting as trustee under the Trust Deed). Unless the context requires otherwise, references herein to the "Notes" shall be references to the Notes of this Series (as defined below) and shall mean:

(i) in relation to any Notes represented by a Global Note, units of the lowest Specified Denomination in the Specified Currency of the relevant Notes;

(ii) Definitive Notes; and

(iii) any Global Note.

Notes issued by MTR Corporation (C.I.) Limited ("MTR Cayman") or any other entity appointed as an additional issuer under the Programme have been unconditionally and irrevocably guaranteed by MTR Corporation Limited (the "Guarantor"). In the case of Notes issued by MTR Corporation Limited all references in these Conditions to the "Guarantee" or "Guarantor" are not applicable.

The Notes and the Receipts and the Coupons (each as defined below) also have the benefit of an Amended and Restated Agency Agreement dated 28th October 2016 (as amended, supplemented, restated or novated from time to time, the "Agency Agreement") and made between the Issuer, the other issuer named therein, the Guarantor, Citibank N.A., as issuing agent, a transfer agent and a paying agent (the "Agent" which expression shall include any successor agent), the other paying agents named therein (together with the Agent, the "Paying Agents", which expression shall include any additional or successor paying agents) and Citibank N.A., Hong Kong Branch as transfer agent (together with the Agent and any additional or other transfer agents in respect of the Notes from time to time appointed, the "Transfer Agents"), Citibank, N.A., as registrar (the "Registrar"), Citibank, N.A., Hong Kong Branch, as Hong Kong reference agent (the "HK Reference Agent", which expression shall include any successors as HK Reference Agent), Citibank, N.A., Hong Kong Branch as Hong Kong lodging agent (the "HK Lodging Agent" which expression shall include any successor HK lodging agent) and the Trustee.

In connection with the Notes, the Issuer, the other issuer named therein and the Guarantor have executed an amended and restated deed of covenant dated 7th November 2013 (as amended, supplemented, restated or novated from time to time, the "Deed of Covenant") in favour of certain accountholders of Euroclear Bank SA/NV, ("Euroclear"), Clearstream Banking, S.A. ("Clearstream") and the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority ("CMU").

Interest-bearing Definitive Bearer Notes will (unless otherwise indicated in the applicable Pricing Supplement) have interest coupons ("Coupons") and, if indicated in the applicable Pricing Supplement, talons for further Coupons ("Talons") attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Notes redeemable in instalments will have receipts ("Receipts") for the payment of the instalments of principal (other than the final instalment) attached on issue. Registered Notes (as defined below) do not have Receipts, Coupons or Talons attached on issue.

As used herein, "Series" means a Tranche (as defined below) together with any further Tranche or Tranches which are (a) expressed to be consolidated and form a single series; and (b) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates, Issue Prices and the date of the first payment of interest, and the expressions "Notes of the relevant Series" and "holders of Notes of the relevant Series" and related expressions shall be construed accordingly. As used herein, "Tranche" means Notes which are identical in all respects (including as to listing).

The Pricing Supplement applicable to any particular Note or Notes is attached hereto or endorsed hereon and supplements these Conditions. References herein to the "applicable Pricing Supplement" shall mean the Pricing Supplement attached hereto or endorsed hereon.

In these Conditions "Noteholder" means (a) the holder of any Definitive Bearer Note, (b) the holder of a co-ownership interest or other interest in Bearer Notes (in global or definitive form) held in collective custody, in proportion to such Notes deposited for such holder's account, as provided below, or (c) the person in whose name a Registered Note is registered; "Couponholder" means (i) the holder of any Coupon or Talon, or (ii) the holder of a co-ownership interest or other interest in Coupons or Talons held in collective custody, in proportion to such Coupons or Talons deposited for such holder's account, and "Receiptholder" means the holder of any Receipt. Any reference herein to Euroclear and/or Clearstream and/or CMU shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearance system approved by the Issuer, the Trustee and the Agent.

The Trustee acts for the benefit of the Noteholders, the Receiptholders and the Couponholders, all in accordance with the provisions of the Trust Deed.

Copies of the Trust Deed, the Deed of Covenant, the Agency Agreement (which contains the form of the Pricing Supplement) and the Pricing Supplement applicable to any particular Note or Notes (if listed) are available for inspection free of charge at the specified offices of the Trustee, the Agent and each of the other Paying Agents save that the applicable Pricing Supplement will only be available for inspection by a Noteholder holding one or more unlisted Notes of that Series and such Noteholder must produce evidence satisfactory to the Trustee or, as the case may be, the relevant Agent as to its holding of such Notes and its identity.

The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed, the Agency Agreement and the applicable Pricing Supplement, which are binding on them. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed and the Agency Agreement.

Words and expressions defined in the Trust Deed or Agency Agreement or used in the applicable Pricing Supplement shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated. In the event of inconsistency between the Agency Agreement and the Trust Deed, the Trust Deed will prevail and, in the event of inconsistency between the Agency Agreement or the Trust Deed and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

## 1. Form, Denomination and Title

The Notes in this Series are in bearer form ("Bearer Notes", which expression includes Notes which are specified in the applicable Pricing Supplement to be Exchangeable Bearer Notes) or in registered form ("Registered Notes") as specified in the applicable Pricing Supplement and, in the case of Definitive Notes, serially numbered in the Specified Currency and in the Specified Denominations(s) specified in the applicable Pricing Supplement.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, a Dual Currency Note or an Index-Linked Note or any combination of the foregoing, depending upon the Interest/Payment Basis specified in the applicable Pricing Supplement. It is also a Partly Paid Note and/or an Index-Linked Note (where payment with respect to principal is linked to an Index and/or formula) and/or a Dual Currency Note (where payment with respect to principal may be made in an alternative currency) if, in each case, the applicable Pricing Supplement so indicates and the appropriate provisions of these Conditions will apply accordingly.

Bearer Notes in definitive form are issued with Coupons (and, where appropriate, a Talon) attached, unless they are Zero Coupon Notes in which case references to interest (other than interest due after the Maturity Date), Coupons and Couponholders in these Conditions are not applicable. Any Bearer Note the principal amount of which is redeemable in instalments is issued with one or more Receipts attached. References in these Conditions to Receipts, Coupons and Talons do not apply to any Notes represented by a Global Note or in definitive registered form.

Except as set out below, title to the Bearer Notes and the Receipts and Coupons appertaining thereto will pass by delivery. The Issuer, the Guarantor, the Trustee, the Agent and any other Paying Agent may deem and treat the bearer of any Bearer Note and any Receipt or Coupon appertaining thereto as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any

Global Note, without prejudice to the provisions set out in the next succeeding paragraph. Title to the Registered Notes shall pass by transfer and registration in the register which the Issuer shall procure to be kept by the Registrar in accordance with the Agency Agreement as described in Condition 4(b).

For so long as any of the Notes are represented by a Global Note, each person other than Euroclear and/or Clearstream and/or CMU who is for the time being shown in the records of Euroclear or Clearstream or CMU as the holder of a particular principal amount of Notes (in which regard any certificate or other document issued by Euroclear or Clearstream or CMU as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by the Issuer, the Guarantor, the Trustee, the Registrar, the Transfer Agent, the Agent and any other Paying Agent as the holder of such principal amount of such Notes for all purposes other than with respect to the payment of principal or interest on the Notes, the right to which shall be vested, as against the Issuer, the Guarantor, the Trustee, the Agent and any other Paying Agent solely in the bearer of the relevant Global Note (or, in the case of a registered Global Note, in the registered holder thereof) in accordance with and subject to its terms (and the expressions "Noteholder" and "holder of Notes" and related expressions shall be construed accordingly). Notes which are represented by a Global Note will be transferable only in accordance with rules and procedures for the time being of Euroclear, Clearstream or CMU, as the case may be.

## 2. Status of Notes and Negative Pledge

(a) The obligations of the Issuer under the Notes, the Coupons and the Receipts are direct, unconditional, unsubordinated, general and (subject to Condition 2(b)) unsecured obligations of the Issuer ranking *pari passu* in all respects and rateably without preference or priority (except for any statutory preference or priority applicable in the winding-up of the Issuer or otherwise required to be preferred by law) with all other outstanding unsecured and unsubordinated obligations (contingent or otherwise, present and future) of the Issuer.

(b) So long as any of the Notes remains outstanding (as defined in the Trust Deed), neither the Issuer nor the Guarantor will create or permit to be outstanding any mortgage, charge, pledge or other security interest (other than a security interest arising by operation of law) (each a "Charge") other than a Permitted Charge upon the whole or any part of its undertaking or assets, present or future, in order to secure any existing or future Securities issued (or guarantees in respect thereof granted) by it unless in any such case at the same time the relevant Notes are (to the satisfaction of the Trustee) equally and rateably secured so as to rank *pari passu* with such Securities or guarantees or other security is granted in respect of the Notes as the Trustee shall in its absolute discretion deem not materially less beneficial to the Noteholders or as approved by an Extraordinary Resolution of the Noteholders.

For the purposes of this Condition 2(b), the term "Securities" means any indebtedness in the form of or represented by bonds, notes, debentures or other similar securities, or by bills of exchange drawn or accepted for the purpose of raising money, which are, or are at the time of issue or acceptance intended to be, quoted, listed or ordinarily traded on any stock exchange or over-the-counter securities market or traded between financial institutions or institutional investors and the term "Permitted Charge" means:

(i) any Charge over any assets (or related documents of title) purchased by the Issuer or the Guarantor as security for all or part of the purchase price of such assets and any substitute security created on those assets in connection with the refinancing (together with interest, fees and other charges attributable to such refinancing) of the indebtedness secured on those assets (but the principal amount secured by any such security may not be increased without the authority of the Trustee in writing);

(ii) any Charge over any assets (or related documents of title) purchased by or vested in the Issuer or the Guarantor (whether by virtue of legislation, contract, consent or any other way whatsoever) subject to such Charge and any substitute security created on those assets in connection with the refinancing (together with interest, fees and other charges attributable to such refinancing) of the indebtedness secured on those assets;

(iii) any Charge on any immovable property of the Issuer or the Guarantor effected for the purpose of the development by the Issuer or the Guarantor (for such purposes and in such manner as it may think fit) of all or any of its immovable property not for the time being required for use in connection with the Railway (which, for the purposes of this Condition, has the meaning ascribed to the word "railway" in the Mass Transit Railway Ordinance (Cap. 556 of the Laws of Hong Kong) but shall not include any property used as corporate headquarters or administrative offices of the Issuer or the Guarantor) provided that neither such Charge nor the enforcement of any rights or security arising out of such Charge would result in the Issuer or the Guarantor (as the case may be) ceasing to have the right to the unrestricted use of such part or parts of its property as are for the time being required for use in connection with the Railway;

(iv) any liens (including any conditional sale or retention of title) arising in the ordinary course of business (including the operation of the Railway and/or the development of all or any of the immovable property of the Issuer and/or the Guarantor) and not in connection with the borrowing of money;

(v) any Charge over any amounts which may be or become due or owing to the Issuer or the Guarantor under or in connection with any contract entered into by the Issuer or the Guarantor (as the case may be) where such Charge is security for all or part of any moneys (and for any interest on such moneys) raised by the Issuer or the Guarantor (as the case may be) or by the contractor with whom such contract is entered into or by any sub-contractor of such contractor in order to finance the whole or any part of the cost of the goods and/or services supplied by such contractor or sub-contractor where the provision of such finance is supported by an export credit finance authority or institution;

(vi) any Charge pursuant to any order of attachment, distraint or similar legal process arising in connection with proceedings provided that the execution or other enforcement of such process is effectively stayed and the claims secured are being contested at the time in good faith by appropriate proceedings;

(vii) any Charge which constitutes a right of any bank or financial institution to apply any credit balance maintained by the Issuer or the Guarantor with such bank or financial institution, or any amount due and payable, or to become due and payable, by such bank or financial institution to the Issuer or the Guarantor, against any amount due and payable, or to become due and payable, to such bank or financial institution (or any of its subsidiaries or its holding company or any subsidiaries of such holding company) by the Issuer or the Guarantor (as the case may be); and

(viii) any other Charge authorised in writing by the Trustee or as approved by an Extraordinary Resolution of the Noteholders.

## 3. The Guarantee

The payment of principal, premium (if any) and interest in respect of the Notes and all other moneys payable by the Issuer under or pursuant to the Trust Deed has been unconditionally and irrevocably guaranteed by the Guarantor in the Trust Deed (the "Guarantee"). The obligations of the Guarantor under the Guarantee are direct, unconditional, unsubordinated and (subject to the provisions of Condition 2(b)) unsecured obligations of the Guarantor and (except for any statutory preference or priority applicable in the winding-up of the Guarantor or otherwise required to be preferred by law) rank equally with all other outstanding unsecured and unsubordinated obligations (contingent or otherwise, present or future) of the Guarantor.

## 4. Exchange of Exchangeable Bearer Notes and Transfers of Registered Notes

***(a) Exchange of Exchangeable Bearer Notes***

Subject as provided in Condition 4(e), Exchangeable Bearer Notes may be exchanged for the same aggregate principal amount of Registered Notes of a Specified Denomination at the request in writing of the relevant Noteholder and upon surrender of each Exchangeable Bearer Note to be exchanged, together with all unmatured Receipts, Coupons and Talons relating to it, at the specified office of the Registrar or the Transfer Agent (or, in the case of Notes lodged in CMU, the HK Lodging Agent); provided, however, that where an Exchangeable Bearer Note is surrendered for exchange after the Record Date (as defined in Condition 7(b)(ii)(A)) for any payment of interest, the Coupon in respect of that payment of interest need not be surrendered with it. Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Denomination may not be exchanged for Bearer Notes of another Denomination. Bearer Notes which are not Exchangeable Bearer Notes may not be exchanged for Registered Notes.

***(b) Transfer of Registered Notes***

A Registered Note may be transferred in whole or in part in a Specified Denomination upon the surrender of the Registered Note to be transferred, together with the form of transfer endorsed on it duly completed and executed (and, if applicable, stamped), at the specified office of the Registrar or any Transfer Agent. In the case of a transfer of part only of a Registered Note a new Registered Note in respect of the balance not transferred will be issued to the transferor. A Registered Note may be registered only in the name of, and transferred only to, a named person (or persons, not exceeding four in number).

***(c) Delivery of Registered Notes***

Each Registered Note to be issued upon exchange of Exchangeable Bearer Notes or transfer of Registered Notes will, within seven business days (being a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the Transfer Agent or the Registrar to whom such request for exchange or form of transfer shall have been delivered) of receipt of such request for exchange or form of transfer, be available for delivery at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom such request shall have been made or, at the option of the holder making such request as aforesaid and as specified in the relevant request for exchange or form of transfer, be mailed by uninsured mail at the risk of the holder entitled to the new Registered Note to such address as may be specified in such request for exchange or form of transfer.

***(d) Formalities of Exchange or Transfer of Registered Notes***

Exchange or transfer of Notes as described in paragraphs (a), (b) and (c) above will be effected without charge by or on behalf of the Issuer, the Registrar, the Transfer Agent or, in the case of Exchangeable Bearer Notes lodged in CMU, the HK Lodging Agent, subject to (i) payment (or the giving of such indemnity as the Registrar or the Transfer Agent may require in respect) of any tax, duties or other governmental charges which may be imposed in relation to it, (ii) the Registrar being satisfied with the documents of title and/or identity of the person making the request or application, and (iii) such reasonable regulations as the Issuer may from time to time agree with the Registrar, the Agent, the Transfer Agents, the Trustee and, in the case of Exchangeable Bearer Notes lodged in CMU, the HK Lodging Agent.

***(e) Closed Periods***

No Noteholder may require the transfer of a Registered Note to be registered or an Exchangeable Bearer Note to be exchanged for a Registered Note (i) during the period of 15 days ending on the due date for any payment of principal on that Note; (ii) during the period of 15 days prior to any date on which Notes may be drawn for redemption by the Issuer at its option pursuant to Condition 6(c); or (iii) after any such Note has been drawn for redemption in whole or in part. An Exchangeable Bearer Note called for redemption may, however, be exchanged for a Registered Note which is simultaneously surrendered not later than the relevant Record Date.

## 5. Interest

***(a) Interest on Fixed Rate Notes***

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date which is specified in the applicable Pricing Supplement at the rate(s) per annum equal to the Fixed Rate(s) of Interest specified in the applicable Pricing Supplement to (but excluding) the Fixed Interest Date(s) in each year and to (but excluding) the Maturity Date so specified if it does not fall on a Fixed Interest Date, and such interest will be paid in arrear on the Fixed Interest Date(s) or the Maturity Date so specified (as the case may be). The first payment of interest shall be made on the Fixed Interest Date next following the Interest Commencement Date and, if the first anniversary of the Interest Commencement Date is not a Fixed Interest Date, will amount to the Initial Broken Amount specified in the applicable Pricing Supplement. If the Maturity Date is not a Fixed Interest Date, interest from (and including) the preceding Fixed Interest Date (or the Interest Commencement Date) to (but excluding) the Maturity Date will amount to the Final Broken Amount specified in the applicable Pricing Supplement.

Except in the case of Notes in definitive form where a Fixed Coupon Amount or Broken Amount is specified in the applicable Pricing Supplement, interest shall be calculated in respect of any period by applying the Rate of Interest to:

(A) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or

(B) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

"Day Count Fraction" means, in respect of the calculation of an amount of interest in accordance with this Condition 5(a):

(a) if "Actual/Actual (ICMA)" is specified in the applicable Pricing Supplement:

   (i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the "Accrual Period") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (I) the number of days in such Determination Period and (II) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year; or

(ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(b) if "30/360" is specified in the applicable Pricing Supplement, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

***(b) Interest on Floating Rate Notes***

*(i) Interest Payment Dates*

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date specified in the applicable Pricing Supplement, to (but excluding) each interest payment date (each an "Interest Payment Date") which (except as otherwise specified in these Conditions or the applicable Pricing Supplement) (i) is specified in the applicable Pricing Supplement or (ii) falls the number of months or other period specified as the Interest Period in the applicable Pricing Supplement after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date, and such interest will be paid in arrear on each Interest Payment Date. Unless otherwise specified in the applicable Pricing Supplement, if any Interest Payment Date would otherwise fall on a day which is not a Business Day (as defined below), it shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month in which event the Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In this Condition 5, "Business Day" means (unless otherwise stated in the applicable Pricing Supplement) a day which is both:

(A) a day (other than a Saturday or Sunday or other day on which banking institutions are required or authorised by law or executive order to close) on which commercial banks are open for business and foreign exchange markets settle payments in Hong Kong; and

(B) (1) in relation to any sum payable in a Specified Currency other than euro or Renminbi, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than Hong Kong) or

(2) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto (the "TARGET System") is operating (a "TARGET Business Day") or (3) in relation to any sum payable in Renminbi, a day on which commercial banks in Hong Kong are open for business and settlement of Renminbi payments.

Unless otherwise provided in the applicable Pricing Supplement, the principal financial centre of any country for the purpose of these Conditions shall be the financial centre for the Specified Currency as provided in the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and amended and updated or replaced as at the Issue Date of the first Tranche of a Series of the Notes (the "ISDA Definitions").

*(ii) Rate of Interest*

The Rate of Interest payable from time to time in respect of each Series of Floating Rate Notes shall be determined in the manner specified in the applicable Pricing Supplement. The relevant Rate of Interest payable from time to time will be based on the Hong Kong inter-bank offered rate ("HIBOR"), the CNH Hong Kong inter-bank offered rate ("CNH HIBOR"), the Euro-zone inter-bank offered rate ("EURIBOR") or determined in such manner as is otherwise specified in the applicable Pricing Supplement.

*(iii) ISDA Determination*

(A) Where ISDA Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest shall (unless otherwise specified in the Pricing Supplement) be determined on such dates and at such rates as would have been determined by the Issuer if it had entered into an interest rate swap transaction governed by an agreement (regardless of any event of default or termination event thereunder) in the form of the Interest Rate and Currency Exchange Agreement incorporating the ISDA Definitions with the holder of the relevant Note under which:

(1) the manner in which the Rate of Interest is to be determined is the "Floating Rate Option";

(2) the Issuer is the "Floating Rate Payer";

(3) the person specified in the applicable Pricing Supplement is the "Calculation Agent";

(4) the Interest Commencement Date is the "Effective Date";

(5) the aggregate paid up principal amount of the Series is the "Notional Amount";

(6) the relevant Interest Period is the "Designated Maturity";

(7) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on HIBOR or CNH HIBOR or EURIBOR for a currency, the first day of that Interest Period or (ii) in any other case, as specified in the applicable Pricing Supplement; and

(8) all other terms are as specified in the applicable Pricing Supplement.

For the purpose of this sub-paragraph (iii), (1) "Floating Rate", "Calculation Agent", "Floating Rate Option", "Designated Maturity" and "Reset Date" have the meanings given to those terms in the ISDA Definitions; (2) the definition of "Banking Day" in the ISDA Definitions shall be amended to insert after the words "are open for" in the second line the word "general"; and (3) "Euro-zone" means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty on the Functioning of the European Union, as amended (the "Treaty").

(B) When Condition 5(b)(iii)(A) applies, with respect to each relevant Interest Payment Date:

(1) the amount of interest determined for such Interest Payment Date shall be the Interest Amount (as defined in Condition 5(b)(vi) below) for the relevant Interest Period for the purposes of these Conditions as though calculated under Condition 5(b)(vi) below; and

(2) (unless otherwise specified in the Pricing Supplement) the Rate of Interest of such Interest Period shall be the Floating Rate (as defined in the ISDA Definitions) determined by the Calculation Agent specified in the applicable Pricing Supplement (the "Calculation Agent") in accordance with Condition 5(b)(iii)(A), plus or minus (as indicated in the applicable Pricing Supplement), the applicable Margin (if any).

*(iv) Screen Determination*

Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be either:

(x) where the quotation which appears on the appropriate page of the Screen is a composite quotation or is customarily supplied by one entity only, that quotation; or

(y) where a number of quotations appear on the appropriate page of the Screen, the arithmetic mean (rounded, if necessary, to the fifth decimal place with 0.000005 being rounded upwards) of those quotations,

(expressed as a percentage rate per annum), for deposits in the Specified Currency for that Interest Period which appears or appear, as the case may be, on the appropriate page of the Screen as at 11:00 a.m. (Brussels time) in the case of EURIBOR or 11:00 a.m. (Hong Kong time) in the case of HIBOR or 11:15 a.m. (Hong Kong time) in the case of CNH HIBOR or 11:00 a.m. (London time) in all other cases on the Interest Determination Date (as defined below) in question plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the Calculation Agent;

(A) if, in the case of (x) above, no such rate appears or, in the case of (y) above, fewer than two of such offered rates appear at such time or if the offered rate or rates which appears or appear, as the case may be, as at such time do not apply to a period of a duration equal to the relevant Interest Period, the Rate of Interest for such Interest Period shall, subject as provided below, be the arithmetic mean (rounded, if necessary, to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations of the Reference Banks for inter-bank deposits in the Specified Currency for that Interest Period (expressed as a percentage rate per annum), of which the Calculation Agent (or, in the case of Notes denominated in HK dollars, the HK Reference Agent, who shall forthwith advise the Calculation Agent) is advised by all Reference Banks (as defined below) as at 11:00 a.m. (Brussels time) in the case of EURIBOR or 11:00 a.m. (Hong Kong time) in the case of HIBOR or 11:15 a.m. (Hong Kong time) in the case of CNH HIBOR or 11:00 a.m. (London time) in all other cases on the Interest Determination Date plus or minus (as specified in the applicable Pricing Supplement) the Margin (if any), all as determined by the Calculation Agent;

(B) if on any Interest Determination Date to which Condition 5(b)(iv)(A) applies two only of the Reference Banks advise the Calculation Agent (or, as aforesaid, the HK Reference Agent) of such offered quotations, the Rate of Interest for the next Interest Period shall be determined as in Condition 5(b)(iv)(A) on the basis of the rates of those Reference Banks advising such offered quotations;

(C) if on any Interest Determination Date to which Condition 5(b)(iv)(A) applies one only or none of the Reference Banks advises the Calculation Agent (or, as aforesaid, the HK Reference Agent) of such rates, the Rate of Interest for the next Interest Period shall, subject as provided below, be:

(1) the reserve interest rate (the "Reserve Interest Rate") which shall be the rate per annum which the Calculation Agent determines to be either (x) the arithmetic mean (rounded, if necessary, to the fifth decimal place with 0.000005 being rounded upwards) of the lending rate(s) for the Specified Currency which a bank (which in the case of Notes denominated in Hong Kong dollars shall be The Hongkong and Shanghai Banking Corporation Limited or another bank nominated by the HK Reference Agent after consultation with the Issuer) or banks selected by the Calculation Agent in the principal financial centre of the country of the Specified Currency after consultation with the Issuer (which, if Australian dollars, shall be Sydney and, if euro, shall be such financial centre or centres in the Euro-zone as the Calculation Agent shall select) are quoting on the relevant Interest Determination Date for the next Interest Period to the Reference Banks or those of them (being at least two in number) to which such quotations are, in the opinion of the Calculation Agent, being so made plus or minus (as specified in the applicable Pricing Supplement) the Margin (if any), or (y) in the event that the Calculation Agent can determine no such arithmetic mean, the lowest lending rate for the Specified Currency which a bank (which in the case of Notes denominated in HK dollars shall

be The Hongkong and Shanghai Banking Corporation Limited or another bank nominated by the HK Reference Agent after consultation with the Issuer) or banks selected by the Calculation Agent in the principal financial centre of the country of the Specified Currency after consultation with the Issuer (which, if Australian dollars, shall be Sydney and, if euro, shall be such financial centre or centres in the Euro-zone as the Calculation Agent shall select) are quoting on such Interest Determination Date to leading European banks for the next Interest Period plus or minus (as specified in the applicable Pricing Supplement) the Margin (if any); or if the banks selected as aforesaid by the Calculation Agent are not quoting as mentioned above;

(2) the Rate of Interest in effect for the last preceding Interest Period to which Condition 5(b)(iv)(A) shall have applied (plus or minus, where a different Margin is to be applied to the next Interest Period than that which applied to the last preceding Interest Period, the Margin relating to the next Interest Period in place of the Margin relating to the last preceding Interest Period, all as specified in the applicable Pricing Supplement).

(D) the expression “the appropriate page of the Screen” means (in the case of all Notes other than Notes determined in HK dollars) such page, whatever its designation, on which EURIBOR (or, if there is only one such rate, that rate for deposits in the Specified Currency of prime banks) are for the time being displayed on the Reuter Monitor Money Rates Service (“Reuters”) or the appropriate Moneyline Telerate Service (“Moneyline Telerate”), as specified in the applicable Pricing Supplement, and in the case of Notes denominated in HK dollars means such page, whatever its designation, on which Hong Kong Interbank offered rates for HK dollar deposits of prime banks are for the time being displayed on Moneyline Telerate or Reuters as specified in the applicable Pricing Supplement;

(E) unless otherwise specified in the applicable Pricing Supplement, the Reference Banks for all Notes not denominated in HK dollars will be the principal London offices of Citibank N.A., Barclays Bank PLC and JPMorgan Chase Bank N.A. and for Notes denominated in HK dollars will be any three of the banks who usually quote rates on the appropriate page of the Screen as selected by the HK Reference Agent. The Issuer shall procure that, so long as any Floating Rate Note (not denominated in HK dollars) to which Condition 5(b)(iv)(A) is applicable remains outstanding, in the case of any bank being unable or unwilling to continue to act as a Reference Bank, the Issuer shall specify the London office of some other leading bank engaged in the Eurodollar market to act as such in its place;

(F) the expression “Interest Determination Date” means unless otherwise specified in the applicable Pricing Supplement, (w) other than in the case of Condition 5(b)(iv)(A), with respect to Notes denominated in any Specified Currency other than sterling, euro or Hong Kong dollars, the second Banking Day in London prior to the commencement of the relevant Interest Period and, in the case of Condition 5(b)(iv)(A), the second Banking Day in the principal financial centre of the country of the Specified Currency (which, if Australian dollars. shall be Sydney) prior to the commencement of the relevant Interest Period and (x) with respect to Notes denominated in sterling, the first Banking Day in London of the relevant Interest Period or (y) with respect to Notes denominated in euro, the second TARGET Business Day prior to the commencement of the relevant Interest Period and (z) with respect to Notes denominated in Hong Kong dollars the first Banking Day in Hong Kong of the relevant Interest Period; and

(G) the expression "Banking Day" means, in respect of any place, any day other than Saturday or Sunday on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in that place or, as the case may be, as indicated in the applicable Pricing Supplement.

*(v) Minimum and/or Maximum Rate of Interest*

If the applicable Pricing Supplement specifies a minimum Rate of Interest for any Interest Period, then in the event that the Rate of Interest for such period determined as aforesaid would be less than such minimum Rate of Interest, the Interest Rate for such period shall be such minimum Rate of Interest. If the applicable Pricing Supplement specifies a maximum Rate of Interest for any Interest Period, then in the event that the Rate of Interest for such period determined as aforesaid would be greater than such maximum Rate of Interest, the Interest Rate for such period shall be such maximum Rate of Interest.

*(vi) Determination of Rate of Interest and Calculation of Interest Amount*

The Calculation Agent will, at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest (subject to any minimum or maximum Rate of Interest specified in the applicable Pricing Supplement) and calculate the amount of interest (the "Interest Amount") payable on the Floating Rate Notes for the relevant Interest Period. The Calculation Agent will calculate the Interest Amount by applying the Rate of Interest to:

(A) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or

(B) in the case of Floating Rate Notes in definitive form, the Calculation Amount, and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

"Day Count Fraction" means, in respect of the calculation of an amount of interest in accordance with this Condition 5(b):

if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

if "Actual/365 (Fixed)" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365;

if "Actual/365 (Sterling)" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

if "Actual/360" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 360;

if "30/360", "360/360" or "Bond Basis" is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \text{ x } (Y_2 - Y_1)] + [30 \text{ x } (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls; "M2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D1" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

if "30E/360" or "Eurobond Basis" is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \text{ x } (Y2 - Y1)] + [30 \text{ x } (M2 - M1)] + (D2 - D1)}{360}$$

where:

“Y1” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;
“M2” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D1” is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D1 will be 30; and

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D2 will be 30;

if “30E/360 (ISDA)” is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y1” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D1” is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30.

*(vii) Notification of Rate of Interest and Interest Amount*

The Calculation Agent will as soon as possible after their determination but in no event later than the second London Business Day thereafter notify the Agent or cause the Agent to be notified of the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date and the Agent will then promptly notify the Issuer and the Relevant Dealer of the same and will cause the same to be published in accordance with Condition 15. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without publication as aforesaid in the event of an extension or shortening of the Interest Period in accordance with the provisions hereof. Each stock exchange on which the relevant Floating Rate Notes are for the time being listed will be promptly notified of any such amendment.

For the purposes of this subparagraph (vii), the expression "London Business Day" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London.

*(viii) Determination or Calculation by Agent or by Trustee*

If for any reason the Calculation Agent does not at any time determine the Rate of Interest or calculate any Interest Amount in accordance with sub-paragraphs (ii), (iii) or (iv), as the case may be, and, in each case, sub-paragraph (vi) above, the Agent may (but shall not be obliged to) determine the Rate of Interest as if it had been named as Calculation Agent in the applicable Pricing Supplement. If for any reason the Agent does not choose to fulfil this role of substitute Calculation Agent, the Trustee shall determine the Rate of Interest to be such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition 5(b) but subject always to any minimum or maximum Rate of Interest specified in the applicable Pricing Supplement) it shall deem fair and reasonable in all the circumstances and/or as the case may be, the Trustee shall calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances and each such determination or calculation shall be deemed to have been made by the Calculation Agent specified in the applicable Pricing Supplement.

*(ix) Certificates to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5, whether by the Calculation Agent, the Agent or the Trustee, shall (in the absence of manifest error) be binding on the Issuer, the Guarantor, the Calculation Agent, the Agent, the other Paying Agents, the Trustee and all Noteholders, Receiptholders and Couponholders and no liability to the Issuer, the Guarantor, the Noteholders, the Receiptholders or the Couponholders shall attach to the Calculation Agent, the Agent or, as the case may be, the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

***(c) Index-Linked Notes and Dual Currency Notes***

In the case on Index-Linked Notes or Dual Currency Notes, if the Rate of Interest or amount of interest falls to be determined by reference to an index and/or a formula or, as the case may be, an exchange rate, such Rate of Interest or amount of interest payable shall be determined in the manner specified in the applicable Pricing Supplement.

***(d) Zero Coupon Notes***

When a Zero Coupon Note becomes due and repayable prior to the Maturity Date and is not paid when due, the amount due and repayable shall be the Amortised Face Amount of such Note as determined in accordance with Condition 6(e)(iii). As from the Maturity Date, any overdue principal of such Note shall bear interest at a rate per annum equal to the Accrual Yield set forth in the applicable Pricing Supplement.

***(e) Partly Paid Notes***

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid up principal amount of such Notes and otherwise as specified in the applicable Pricing Supplement.

***(f) Accrual of Interest***

Each Note (or in the case of the redemption in part only of a Note, such part to be redeemed) will cease to bear interest (if any) from the due date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the holder of such Note; and (ii) the day on which the Agent has notified the holder thereof (either in accordance with Condition 15 or individually) of receipt of all sums due in respect thereof up to that date.

## 6. Redemption and Purchase

***(a) At Maturity***

Unless previously redeemed or purchased and cancelled as specified below, Notes will be redeemed by the Issuer at their Final Redemption Amount in the relevant Specified Currency on the Maturity Date specified in the applicable Pricing Supplement (in the case of a Note other than a Floating Rate Note) or on the Interest Payment Date falling in the Redemption Month specified in the applicable Pricing Supplement (in the case of a Floating Rate Note).

***(b) Redemption for Tax Reasons***

The Notes of this Series may be redeemed at a price or prices and on such terms as are indicated in the applicable Pricing Supplement at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Trustee and the Noteholders (which notice shall be irrevocable), if the Issuer satisfies the Trustee that the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 11 or the Guarantor satisfies the Trustee that the Guarantor would be unable for reasons outside its control to procure payment by the Issuer and in making payment itself would be required to pay such additional amounts, in each case as a result of any change in, or amendment to, the laws or regulations of Hong Kong [or the Cayman Islands][1] or any political subdivision thereof or therein or any authority having power to levy tax therein, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date, and that such obligation cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it, provided that no such

[1] Delete if MTR Corporation Limited is the Issuer.

notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or the Guarantor (as the case may be) would be obliged to pay such additional amounts were a payment in respect of the Series of Notes or the Guarantee (as the case may be) then due. On the expiry of such notice the Issuer shall be bound to redeem the Notes accordingly. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee a certificate signed by two directors of the Issuer (or the Guarantor, as the case may be) stating that the obligation to pay additional amounts as referred to above cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it and the Trustee shall be entitled to accept such certificate as sufficient evidence that such obligation cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures as required above in which event it shall be conclusive and binding on the Noteholders and the Couponholders.

***(c) Redemption at the Option of the Issuer***

If so specified in the applicable Pricing Supplement, the Issuer may, having (unless otherwise specified in the applicable Pricing Supplement) given not more than 60 nor less than 30 days' notice to the Trustee and the holders of the Notes of this Series in accordance with Condition 15 (which notice shall be irrevocable), repay all or some only of the Notes of this Series then outstanding (as defined in the Trust Deed) on the Optional Redemption Date(s) and at the Optional Redemption Amount(s) indicated in the applicable Pricing Supplement together, if appropriate, with accrued interest. In the event of redemption of some only of such Notes of this Series, such redemption must be for an amount being the Minimum Redemption Amount or a Maximum Redemption Amount, as indicated in the applicable Pricing Supplement. In the case of a partial redemption of Definitive Notes of this Series, the Notes of this Series to be repaid will be selected individually by lot not more than 60 days prior to the date fixed for redemption and a list of the Notes of this Series called for redemption will be published in accordance with Condition 15 not less than 30 days prior to such date. In the case of a partial redemption of Notes which are represented by a Global Note, the relevant Notes will be redeemed in accordance with the rules of Euroclear and/or Clearstream and/or CMU, as the case may be.

***(d) Redemption at the Option of the Noteholders***

If and to the extent specified in the applicable Pricing Supplement, upon the holder of any Note of this Series giving to the Issuer in accordance with Condition 15 not more than 60 nor less than 30 days' notice (or such lesser period if so specified in the Pricing Supplement) (which notice shall be irrevocable) the Issuer shall, upon the expiration of such notice, redeem subject to, and in accordance with, the terms specified in the applicable Pricing Supplement in whole (but not in part) such Note on the Optional Redemption Date and at the Optional Redemption Amount indicated in the applicable Pricing Supplement together, if appropriate, with accrued interest.

***(e) Early Redemption Amounts***

For the purposes of paragraphs (b), (c) and (d) above, Notes will be redeemed at an amount (the "Early Redemption Amount") calculated as follows:

(i) in the case of Notes with a Final Redemption Amount equal to their principal amount, at the Final Redemption Amount thereof; or

(ii) in the case of Notes (other than Zero Coupon Notes) with a Final Redemption Amount which is or may be greater or less than their principal amount or which is payable in a Specified Currency other than that in which the Notes are denominated, at the amount set out in the applicable Pricing Supplement, or if no such amount or manner is set out in the applicable Pricing Supplement, at their principal amount; or

(iii) in the case of Zero Coupon Notes, at an amount (the "Amortised Face Amount") equal to:

(A) the sum of (x) the Reference Price specified in the applicable Pricing Supplement and (y) the product of the Accrual Yield specified in the applicable Pricing Supplement (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable; or

(B) if the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph (b), (c) or (d) above or upon its becoming due and repayable as provided in Condition 12 is not paid or available for payment when due, the amount due and repayable in respect of such Zero Coupon Note shall be the Amortized Face Amount of such Zero Coupon Note calculated as provided above as though the references in subparagraph (A) to the date fixed for redemption or the date upon which the Zero Coupon Note becomes due and repayable were replaced by references to the date (the "Reference Date") which is the earlier of:

(1) the date on which all amounts due in respect of the Note have been paid; and

(2) the date on which the full amount of the moneys repayable has been received by the Agent and notice to that effect has been given in accordance with Condition 15.

The calculation of the Amortised Face Amount in accordance with this sub-paragraph (B) will continue to be made, after as well as before judgment, until the Reference Date unless the Reference Date falls on or after the Maturity Date, in which case the amount due and repayable shall be the principal amount of such Note together with interest from (and including) the Maturity Date to (but excluding) the Reference Date at a rate per annum equal to the Accrual Yield.

Where any such calculation is to be made for a period of less than a full year, it shall be made (x) in the case of Notes denominated in US dollars on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed; (y) in the case of Notes denominated in all other currencies on the basis that "Actual/Actual ICMA" shall apply, as calculated in accordance with Condition 5(b)(vi); or (z) as otherwise specified in the applicable Pricing Supplement.

***(f) Instalments***

Any Note which is repayable in instalments will be redeemed in the Instalment Amounts and on the Instalment Dates specified in the applicable Pricing Supplement.

*(g) Partly Paid Notes*

If the Notes are Partly Paid Notes, they will be redeemed, whether at maturity, early redemption or otherwise in accordance with the provisions of this Condition 6 as amended or varied by the applicable Pricing Supplement.

*(h) Purchases*

The Issuer and the Guarantor and any Connected Company of the Issuer or the Guarantor may at any time purchase Notes of this Series (provided that, in the case of Definitive Bearer Notes, all unmatured Receipts and Coupons appertaining thereto are surrendered therewith) in the open market or by private treaty at any price. If purchases are made by tender, tenders must be available to all holders of Notes of this Series alike.

## 7. Payments

*(a) Method of Payment*

Subject as provided below and unless otherwise provided in the Pricing Supplement, payments in a currency other than euro or Renminbi will be made by transfer to an account in the Specified Currency maintained by the payee with, or by a cheque in the Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency; provided that a cheque may not be delivered to an address in, and an amount may not be transferred to an account at a bank located in the United States of America (including the States and the District of Columbia) or its possessions (including Puerto Rico, the US Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands) by any office or agency of the Issuer, the Guarantor, the Agent or any Paying Agent. Payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque. Payments in Renminbi will be made by transfer to an account denominated in Renminbi maintained by the payee with a bank in Hong Kong.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 10.

### *(b) Presentation of Notes, Receipts, Coupons and Talons*

*(i) Bearer Notes*

Payments of principal in respect of Definitive Bearer Notes not held in CMU will (subject as provided below) be made in the Specified Currency against surrender of Definitive Bearer Notes and payments of interest in respect of the Definitive Bearer Notes will (subject as provided below) be made in the Specified Currency against surrender of Coupons, in each case at the specified office of any Paying Agent outside the United States of America and its possessions.

In the case of Definitive Bearer Notes not held in CMU, payments of principal with respect to instalments (if any), other than the final instalment, will (subject as provided below) be made against presentation and surrender of the relevant Receipt. Each Receipt must be presented for payment of the relevant instalment together with the relevant Definitive Bearer Note against which the amount will be payable with respect to that instalment. If any Definitive Bearer Note is redeemed or becomes repayable prior to the stated Maturity Date (in the case of a Note other than a Floating Rate Note) or prior to the Interest Payment Date falling in the Redemption Month (in the case of a Floating Rate Note) in respect thereof, principal will be payable on surrender of such Definitive Bearer Note together with all unmatured Receipts appertaining thereto. Receipts presented without the Definitive Bearer Note to which they appertain and unmatured Receipts do not constitute valid obligations of the Issuer.

Upon the date on which any Definitive Bearer Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in Definitive Bearer form not held in CMU (other than Dual Currency Notes or Index-Linked Notes) should be presented for payment together with all unmatured Coupons appertaining thereto failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the aggregate amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of six years after the Relevant Date (as defined in Condition 14) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 14). Upon any Fixed Rate Bearer Note becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Bearer Note, Dual Currency Bearer Note or Indexed Bearer Note in definitive form not held in CMU becomes due and repayable, all unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

In the case of Definitive Bearer Notes held in CMU, payments will be made to the person(s) for whose account(s) interests in the relevant Definitive Bearer Note are credited as being held with CMU in accordance with the arrangements, rules and regulations governing the operation of CMU (the "CMU Rules") at the relevant time and payment made in accordance thereof shall discharge the obligations of the Issuer or, as the case may be, the Guarantor in respect of that payment.

If the due date for redemption of any Definitive Bearer Note is not a Fixed Interest Date or an Interest Payment Date, interest (if any) accrued with respect to such Note from (and including) the preceding Fixed Interest Date or Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant Definitive Bearer Note.

*(ii) Registered Notes*

(A) Payments of principal (which for the purposes of this Condition 7(b)(ii) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes will be made to the persons shown on the Register (i) where in global form, at the close of the business day (being for this purpose, in respect of Notes clearing through Euroclear and Clearstream, Luxembourg, a day on which Euroclear and Clearstream, Luxembourg are open for business, and in respect of Notes clearing through CMU, a day on which CMU is open for business) before the relevant due date, and (ii) where in definitive form, at the close of business (x) in the case of a currency other than Renminbi, on the fifteenth day before the due date for payment thereof or (y) in the case of Renminbi, on the fifth business day before the due date for payment thereof (the "Record Date") by mail to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register maintained by the Registrar or, in the case of Renminbi, by transfer to the registered account of the holder (or to the first named of joint holders of such Note).

In this Condition 7(b)(ii), "registered account" means the Renminbi account maintained by or on behalf of the Noteholder with a bank in Hong Kong, details of which appear on the Register on the fifth business day before the due date for payment.

(B) Interest (which for the purpose of this Condition 7(b)(ii) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes will be paid to the person shown on the Register at the close of business on the Record Date. Payments of interest on each Registered Note (other than Notes denominated in euro or Renminbi) will be made in the currency in which such payments are due by cheque drawn on a bank (being a town clearing branch of a bank in the City of London in the case of sterling) in the principal financial centre of the country of the currency concerned and (in the case of Notes denominated in euro) by euro cheque and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register maintained by the Registrar. Payment of interest on Notes denominated in Renminbi will be made by transfer to the registered account of the holder (or to the first named of joint holders of such Note). Upon application by the holder of a Note other than a Note denominated in Renminbi to the specified office of the Registrar or the Transfer Agent before the Record Date and subject as provided in paragraph (i) above, such payment of interest may be made by transfer to (in the case of Notes denominated in a currency other than euro) an account in the Specified Currency maintained by the payee with a bank in the principal financial centre of the country of that currency or (in the case of Notes denominated in euro) a euro account or any other account to which euro may be transferred.

Holders of Registered Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Note as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Notes.

None of the Issuer, the Guarantor, the Trustee or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

*(iii) Global Notes*

Payments of principal and interest (if any) in respect of Notes of this Series represented by any Global Note will (subject as provided below) be made in the manner specified above and otherwise in the manner specified in the relevant Global Note (i) in the case of a Global Note lodged with CMU to the person(s) for whose account(s) interests in the relevant Global Note are credited as being held by CMU in accordance with the CMU Rules, or (ii) in the case of a Global Note not lodged with CMU against presentation or surrender, as the case may be, of such Global Note at the specified office of the Agent. A record of each payment made against presentation or surrender of such Global Note, distinguishing between any payment of principal and any payment of interest, will be made in the case of a Global Note not held in CMU, by the Agent or, in the case of a Global Note lodged with CMU, on withdrawal of the Global Note by the HK Lodging Agent and such record shall be prima facie evidence that the payment in question has been made.

If the Global Note is not lodged with CMU, the holder of the relevant Global Note or, if the Global Note is lodged in CMU, the person(s) for whose account(s) interests in such Global Note are credited as being held in CMU in accordance with the CMU Rules (or, as provided in the Trust Deed, the Trustee) shall be the only person(s) entitled to receive payments in respect of Notes represented by such Global Note and the Issuer or, as the case may be, the Guarantor will be discharged by payment to, or to the order of, the holder of such Global Note or, if the Global Note is lodged in CMU, such person(s) for whose account(s) interests in such Global Note are credited as being held in CMU (or the Trustee, as the case may be) with respect to each amount so paid. Each of the persons shown in the records of Euroclear, Clearstream or CMU as the holder of a particular principal amount of Notes must look solely to Euroclear, Clearstream or the HK Lodging Agent, as the case may be, for his share of each payment so made by the Issuer or, if the Guarantee is called, the Guarantor in respect of the relevant Global Note.

*(iv) US Dollar Notes*

Notwithstanding the foregoing, payments in respect of Bearer Notes denominated in US dollars will be made at the specified office of a Paying Agent in the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction) only if:

(A) the Issuer and the Guarantor have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment at such specified offices outside the United States of the full amount owing in respect of the Notes in the manner provided above when due;

(B) payment of the full amount owing in respect of the Notes at such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions; and

(C) such payment is then permitted under United States law without involving, in the opinion of the Issuer and the Guarantor, adverse tax consequences to the Issuer or the Guarantor.

***(c) Payment Business Day***

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Business Day in a place of presentation, the holder thereof shall not be entitled to payment until the next following Payment Business Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, unless otherwise specified in the applicable Pricing Supplement, "Payment Business Day" means any day which is (i) a day (other than a Saturday or Sunday) on which commercial banks are open for business and foreign exchange markets settle payments in the relevant place of presentation, and (ii) a Business Day as defined in Condition 5(b)(i). For the purposes of the definition of "Payment Business Day" in this Condition 7(c), the relevant place of presentation shall be disregarded in respect of any payment in respect of any Global Note in Bearer form.

***(d) CNY Disruption Event***

This Condition 7(d) shall apply if CNY Disruption Event is specified in the applicable Pricing Supplement.

If any amount in respect of the Notes is payable in Renminbi and the Issuer determines that by reason of any CNY Disruption Event, it is not reasonably practicable for either the Issuer or the Guarantor to pay such amount in CNY (an "Affected CNY Amount"), then notwithstanding any other provision in these Conditions or in the applicable Pricing Supplement, the Issuer may notify the Noteholders of such determination on or before the due date for payment (the "Original Due Date"). If such notification is given:

(i) if the CNY Disruption Event does not continue to exist for 14 consecutive calendar days from the Original Due Date, the due date for the payment of that Affected CNY Amount shall be postponed to two Business Days (as defined in Condition 5(b)(i)) after the date on which the Issuer is aware that the CNY Disruption Event has ceased to exist and the Issuer shall notify the Noteholders of the postponed due date as soon as practicable;

(ii) if the CNY Disruption Event continues to exist for 14 consecutive calendar days from the Original Due Date:

    (1) the due date for the payment shall be postponed to such date as the Issuer shall notify the Noteholders. Such notification shall be given after the Relevant Spot Rate has been determined and shall also include the Relevant Spot Rate; and

(2) the obligation to pay that Affected CNY Amount shall be replaced by an obligation to pay, in US dollars, an amount equal to the US dollar equivalent of that Affected CNY Amount on such postponed due date. Such US dollar equivalent shall be arrived at by converting that CNY Affected Amount at the Relevant Spot Rate.

If sub-paragraph (i) or (ii) above of this Condition 7(d) applies, interest on the principal amount of the Affected CNY Amount, if any, will continue to accrue up to but excluding such postponed due date. Any payment made pursuant to sub-paragraph (i) or (ii) above in respect of an Affected CNY Amount shall constitute a valid payment in full of such Affected CNY Amount, such that there shall be no Event of Default in respect of any failure to pay such Affected CNY Amount on the Original Due Date or otherwise.

In this Condition 7(d):

"Relevant Spot Rate" means the CNY/US dollar official fixing rate to be determined as follows.

(1) Such rate shall be the rate reported by the Treasury Markets Association which appears on Reuters page <CNHFIX> at approximately 11:30 a.m. Hong Kong time (on such date as the Issuer may determine) for settlement in two business days. (For this purpose, a "business day" is a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in Hong Kong and in New York City.)

(2) If such rate is not so reported, the Issuer shall determine such rate by taking into consideration the information which is available to it and is considered by it to be relevant. Such information may include the settlement rates, and the method for determining such rates, used by foreign exchange dealers in Hong Kong at or around the time of such determination by the Issuer.

"CNY Disruption Event" means any of the following:

(1) any event or circumstance in the general CNY exchange market in Hong Kong which makes it impossible, or commercially impracticable, for the Issuer or the Guarantor to obtain sufficient Renminbi in order to satisfy its obligation to pay any amount in respect of the Notes;

(2) any event or circumstance that makes it impossible (where it had previously been possible) or commercially impracticable for the Issuer or the Guarantor to convert any amount to be paid in respect of the Notes from or into US dollars in the general CNY exchange market in Hong Kong, except where such impossibility or impracticability is due solely to the failure of the Issuer or the Guarantor to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the relevant Issue Date and it is impossible or commercially impracticable for the Issuer or the Guarantor to comply with such law, rule or regulation); or

(3) any event or circumstance that makes it impossible or commercially impracticable for the Issuer or the Guarantor to transfer CNY between accounts inside Hong Kong or from an account inside Hong Kong to an account outside Hong Kong or vice versa, except where such impossibility or impracticability is due solely to the failure of the Issuer or the Guarantor to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the relevant Issue Date and it is impossible or commercially impracticable for the Issuer or the Guarantor to comply with such law, rule or regulation).

For the purpose of this definition of "CNY Disruption Event", "Governmental Authority" means any de facto or de jure government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority of Hong Kong or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of the People's Republic of China or Hong Kong (including, in the case of Hong Kong, the Hong Kong Monetary Authority or any successor agency performing central bank functions).

All notifications, determinations, calculations, quotations and decisions given, made or obtained by the Issuer for the purposes of this Condition 7(d) (including, for the avoidance of doubt, any determination by the Issuer as to whether a CNY Disruption Event has occurred or arisen or whether it continues to exist or has ceased to exist) will, in the absence of wilful default, bad faith or manifest error, be binding on the Issuer, the Guarantor, the Agents and the Noteholders.

***(e) Interpretation of Principal and Interest***

Any reference in these Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

(i) any Additional Amounts which may be payable under Condition 11 in respect of principal or pursuant to any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed;

(ii) the Final Redemption Amount of the Notes;

(iii) the Early Redemption Amount of the Notes;

(iv) in relation to Notes redeemable in instalments, the Instalment Amounts;

(v) any premium and any other amounts which may be payable under or in respect of the Notes;

(vi) in relation to Zero Coupon Notes, the Amortised Face Amount; and

(vii) the Optional Redemption Amount(s) (if any) of the Notes.

Any reference in these Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any Additional Amounts which may be payable under Condition 11 or pursuant to any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed.

## 8. Agent, Paying Agents and HK Reference Agent

The names of the initial Agent and the other initial Paying Agents and of the HK Reference Agent, the HK Lodging Agents, the Transfer Agents and the Registrar and their initial offices are set out below. The Issuer and the Guarantor are entitled (with the prior approval of the Trustee) to vary or terminate the appointment of the HK Reference Agent, the HK Lodging Agents, the Registrar or any Paying Agent or Transfer Agent and/or appoint a substitute HK Reference Agent, HK Lodging Agent, Registrar or, as the case may be, additional or other paying agents, transfer agents, Hong Kong lodging agents and/or approve any change in the specified office through which any paying agent acts, provided that:

(i) so long as the Notes of this Series are listed on any stock exchange, there will at all times be a Paying Agent and a Transfer Agent with a specified office in each location required by the rules and regulations of the relevant listing authority and/or stock exchange;

(ii) there will at all times be a Paying Agent with a specified office in a city approved by the Trustee in continental Europe;

(iii) there will at all times be an Agent; and

(iv) there will at all times be an HK Reference Agent and, whilst any Notes are lodged in CMU, an HK Lodging Agent who will perform their respective obligations under these Conditions and the Agency Agreement.

In addition, with respect to Notes denominated in US dollars the Issuer and the Guarantor shall forthwith appoint a paying agent having a specified office in New York City in the circumstances described in the final paragraph of Condition 7(b).

Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Trustee and the Noteholders in accordance with Condition 15.

In acting under the Agency Agreement, the Agent, the Paying Agents, the Transfer Agents, the Registrar, the HK Reference Agent and the HK Lodging Agent act solely as agents of the Issuer and the Guarantor and, in certain circumstances specified therein, of the Trustee and do not assume any obligation to, or relationship of trust with, any Noteholders.

## 9. Exchange of Talons

On and after the Fixed Interest Date or the Interest Payment Date, as appropriate, on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent or, in the case of Notes lodged in CMU, the HK Lodging Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to, and including, the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 14. Each Talon shall, for the purposes of these Conditions, be deemed to mature on the Fixed Interest Date or the Interest Payment Date (as the case may be) on which the final Coupon comprised in the relative Coupon sheet matures.

## 10. Redenomination

***(a) Redenomination***

Where redenomination is specified in the applicable Pricing Supplement as being applicable, the Issuer may, without the consent of the Noteholders, the Receiptholders and the Couponholders, on giving prior notice to the Trustee, the Agent, Euroclear, Clearstream and CMU and at least 30 days' prior notice to the Noteholders in accordance with Condition 15, elect that, with effect from the Redenomination Date specified in the notice, the Notes shall be redenominated in euro. The election will have effect as follows:

(i) the Notes and the Receipts shall be deemed to be redenominated in euro in the denomination of €0.01 with a principal amount for each Note and Receipt equal to the principal amount of that Note or Receipt in the Specified Currency, converted into euro at the Established Rate, provided that, if the Issuer determines, with the agreement of the Trustee, that the then market practice in respect of the redenomination into euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders in accordance with Condition 15, the stock exchange (if any) on which the Notes may be listed and the Paying Agents of such deemed amendments;

(ii) save to the extent that an Exchange Notice has been given in accordance with paragraph (iv) below, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate principal amount of Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest €0.01;

(iii) if definitive Notes are required to be issued after the Redenomination Date, they shall be issued at the expense of the Issuer in denominations of €1,000, €10,000, €100,000 and (but only to the extent of any remaining amounts less than €1,000 or such smaller denominations as the Trustee and the Agent may approve) €0.01 and such other denominations as the Trustee shall determine and notify to the Noteholders in accordance with Condition 15;

(iv) where definitive Notes have been issued prior to the Redenomination Date, all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Notes) will become void with effect from the date on which the Issuer gives notice that replacement euro-denominated

Notes, Receipts and Coupons (the "Exchange Notes") are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Notes and Receipts so issued will also become void on that date although those Notes and Receipts will continue to constitute valid exchange obligations of the Issuer. New euro-denominated Notes, Receipts and Coupons will be issued in exchange for Notes, Receipts and Coupons denominated in the Specified Currency in such manner as the Trustee may specify and as shall be notified to the Noteholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the Notes;

(v) after the Redenomination Date, all payments in respect of the Notes, the Receipts and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in euro as though references in the Notes to the Specified Currency were to euro. Payments will be made in euro in accordance with Condition 7;

(vi) if the Notes are Fixed Rate Notes and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on an Interest Payment Date, it will be calculated:

(i) in the case of the Notes represented by a Global Note, by applying the Rate of Interest to the aggregate outstanding nominal amount of the Notes represented by such Global Note; and

(ii) in the case of definitive Notes, by applying the Rate of Interest to the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding;

(vii) if the Notes are Floating Rate Notes, the applicable Pricing Supplement will specify any relevant changes to the provisions relating to interest; and

(viii) such other changes shall be made to these Conditions and/or the Trust Deed and/or the Agency Agreement as the Issuer may decide, after consultation with the Trustee, and as may be specified in the notice, to conform them to conventions then applicable to instruments denominated in euro. Any such other changes will not take effect until after they have been notified to the Noteholders in accordance with Condition 15.

### *(b) Definitions*

In these Conditions, the following expressions have the following meanings:

"Established Rate" means the rate for the conversion of the Specified Currency (including compliance with rules relating to roundings in accordance with applicable European Union regulations) into euro established by the Council of the European Union pursuant to Article 140 of the Treaty; and

"Redenomination Date" means (in the case of interest bearing Notes) any date for payment of interest under the Notes or (in the case of Zero Coupon Notes) any date, in each case specified by the Issuer in the notice given to the Trustee and the Noteholders pursuant to paragraph (a) above and which falls on or after the date on which the country of the Specified Currency starts to participate in the third stage of European economic and monetary union pursuant to the Treaty and which falls before the date on which the Specified Currency ceases to be a sub-division of the euro.

## 11. Taxation and Withholding

All payments of principal and/or interest made by the Issuer or, if the Guarantee is called, the Guarantor in respect of the Notes of this Series will be made without withholding or deduction for or on account of any present or future tax, duty or charge of whatsoever nature imposed or levied by or on behalf of Hong Kong [or the Cayman Islands][2] or any authority having power to levy tax in Hong Kong [or the Cayman Islands][3], unless such withholding or deduction is required by law. In that event, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts as will result (after such withholding or deduction) in the receipt by the holders of the Notes of this Series or the Coupons appertaining thereto of the sums which would have been receivable (in the absence of such withholding or deduction) from it in respect of the Notes of this Series or the Coupons appertaining thereto, except that no such additional amounts shall be payable with respect to any Note of this Series or any Coupon appertaining thereto:

(a) presented for payment by or on behalf of a holder of such a Note who is liable to such tax, duty or charge in respect of such Note or Coupon by reason of having some connection with Hong Kong [or the Cayman Islands][4] other than the mere holding of such Note or the receipt of principal or interest in respect thereof; or

(b) presented for payment more than 30 days after the due date therefor except to the extent that the holder of such a Note would have been entitled to such additional amounts on presenting the same for payment on the expiry of such period of 30 days; or

(c) presented for payment for or on behalf of a holder of such a Note who is able to avoid such withholding or deduction by making a declaration of non-residence or other similar claim for exemption and does not make such declaration or claim.

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2 Delete if MTR Corporation Limited is the Issuer.

3 Delete if MTR Corporation Limited is the Issuer.

4 Delete if MTR Corporation Limited is the Issuer.

## 12. Events of Default

If any of the following events ("Events of Default") shall occur and be continuing:

(a) there is a default for more than seven days in the payment of any principal, interest or other amount due in respect of any Note of this Series; or

(b) (i) the Issuer or the Guarantor shall default in the payment of any principal of or interest on any obligation for Borrowed Money, in each case in an aggregate principal amount of at least US$50,000,000 or the equivalent thereof in another currency or currencies, beyond any period of grace provided in respect thereof, or (ii) the Issuer or the Guarantor shall fail to honour when due and called upon any guarantee of any indebtedness for Borrowed Money, in each case in an aggregate principal amount of at least US$50,000,000 or the equivalent thereof in another currency or currencies, or (iii) indebtedness of the Issuer or the Guarantor for Borrowed Money shall become due and payable prior to its specified maturity by reason of any default or event of default (howsoever described), in each case in an aggregate principal amount of at least US$50,000,000 or the equivalent thereof in another currency or currencies, or (iv) a general moratorium is declared on the payment of debts of the Issuer or the Guarantor, provided that in each case the aggregate principal amount of such debts amounts to at least US$50,000,000 or the equivalent thereof in another currency or currencies; or

(c) the Issuer or the Guarantor shall default in the performance or observance of any other obligation contained in any Note of this Series or the Trust Deed and (unless the same shall be certified by the Trustee to be, in its opinion, not capable of remedy) such default shall not have been remedied within 30 days after written notice shall have been given to the Issuer or, as the case may be, the Guarantor by the Trustee requiring the same to be remedied; or

(d) the Guarantor shall dispose of or attempt to dispose of all or the majority of its assets or undertaking required for use in connection with the Railway (except pursuant to or as part of such an amalgamation or reconstruction as is mentioned in (e) below); or

(e) any competent action shall be taken, any enactment shall be passed, any judgment or order of a court of competent jurisdiction shall be made or any effective resolution shall be passed for the winding up or dissolution of the Issuer or the Guarantor the effect of which would be to dissolve or liquidate the Issuer or the Guarantor or, in the case of the Guarantor, to transfer to a third party all or the majority of its assets or undertaking required for use in connection with the Railway (except where its corporate existence is to be terminated or otherwise affected, or any such transfer made, pursuant to or as part of an amalgamation or reconstruction, details of which have previously been notified to the Trustee, the effect of which is to vest in some other body corporate having, after such vesting, similar or better financial standing to the Guarantor (or the Trustee is satisfied, or advised by an independent merchant or investment bank in Hong Kong, or such other place as the Trustee may deem appropriate, that such vesting will not materially prejudice the interests of the Noteholders) all or the majority of the Guarantor's undertaking, properties and assets, or such of them as are required for use in connection with the Railway, and to impose upon such other body corporate all of the obligations and liabilities of the Guarantor or, as the case may be, such of them as relate to the Railway, including all the obligations and liabilities of the Guarantor under each Note, the Deed of Covenant, and the Trust Deed); or

(f) any encumbrancer shall take possession or a receiver or other similar officer shall be appointed of the whole or the majority of the assets or undertaking of the Guarantor required for use in connection with the Railway or a distress or execution shall be levied or enforced upon or sued out against the majority of the assets or undertaking of the Guarantor required as aforesaid and shall not be stayed or discharged within 60 days of being levied or enforced; or

(g) any encumbrancer shall take possession or a receiver or other similar officer shall be appointed of the whole or the majority of the assets or undertaking of the Issuer or a distress or execution shall be levied or enforced upon or sued out against the majority of the assets or undertaking of the Issuer and shall not be stayed or discharged within 60 days of being levied or enforced; or

(h) a decision is taken by the board of the Guarantor or by any other competent authority of or within Hong Kong to close the Railway for a period exceeding one year; or

(i) MTR Cayman ceases to be a subsidiary (as that term is defined in the Trust Deed) of the Guarantor; or

(j) the Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect, then:

   (I) the Trustee at its discretion may declare the Notes of this Series immediately due and repayable, provided that in the case of any event described in paragraph (b) or paragraph (c) above it shall first certify that in its opinion such event is materially prejudicial to the interests of the holders of Notes of this Series;

   (II) the Trustee shall, if so directed in writing by the holders of at least 25% in principal amount of the Notes of this Series, declare all of the Notes of this Series which are held by the holders giving such directions immediately due and repayable, provided that the Trustee shall only be so obliged if, taking into account all directions duly received by the Trustee within any period of 30 consecutive days, the Trustee has received directions to declare any Notes of this Series immediately due and repayable from the holders of the Notes of this Series with an aggregate principal amount in excess of HK$200,000,000, and for the purpose of this computation the following holders (and no others) shall be deemed to be giving such directions: the holders giving such directions if, and only if, the holders of at least 25% in principal amount of the Notes in the Series of which such Notes form part have given such directions within such period.

For this purpose Notes not denominated in HK dollars shall be converted into HK dollars at the rate which is the mean of the HK Reference Agent's buying and selling rates for the Specified Currency against the HK dollars at or about 11:00 a.m. (Hong Kong time) on the date of the first direction (or equivalent direction) within such period of 30 days), whereupon the relevant Notes shall become so due and repayable at their Early Redemption Amount (as defined in Condition 6(e)) together with accrued interest (if any). If any Notes of this Series become due and repayable pursuant to this Condition 12, they shall continue to bear interest in accordance with the provisions of these Conditions, which will continue to apply.

For the purposes of this Condition, "Borrowed Money" means indebtedness for borrowed money, acceptances and the principal amount of any notes including, for the avoidance of doubt, Notes of any other Series, debentures, bonds, bills of exchange, promissory notes or similar instruments drawn, made, accepted, issued, endorsed or guaranteed by the Issuer and/or the Guarantor for the purpose of raising money but shall exclude bills of exchange drawn under or in respect of letters of credit or contracts for the provision of goods or services for the purpose of effecting payment and not in connection with the raising of money and "Railway" means the Hong Kong mass transit railway operated by the Guarantor pursuant to the Mass Transit Railway Ordinance (Cap. 556 of the Laws of Hong Kong) at the date hereof and any extensions thereto.

At any time after any Notes of this Series shall have become immediately due and repayable pursuant to this Condition 12 or otherwise, the Trustee may, at its discretion and without further notice, institute such proceedings as it may think fit against the Issuer and/or the Guarantor, to enforce repayment of the principal of such Notes, together with accrued interest, and to enforce the provisions of the Trust Deed, but it shall not be bound to take any such proceedings unless (1) it shall have been so requested in writing by persons holding at least 25% in principal amount of this Series of Notes then outstanding (as defined in the Trust Deed) and (2) it shall have been indemnified to its satisfaction.

No holder of a Note shall be entitled to proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound in accordance with the Trust Deed so to proceed, fails to do so within a reasonable period and such failure is continuing.

## 13. Meetings, Modification of Conditions, Waiver and Substitution

***(a) Generally***

The Trust Deed contains provisions for convening meetings of the holders of Notes issued under the Programme for the time being outstanding (as defined in the Trust Deed) (or the holders of Notes of any one or more Series) to consider any matter affecting their interests, including a modification of, or an arrangement in respect of, the Conditions of such Notes, and the provisions of the Trust Deed. A resolution duly passed at any such meeting shall be binding on all the holders of Notes (or, as the case may be, the holders of Notes of the relevant Series) whether present or not. The quorum at any such meeting for passing an Extraordinary Resolution of the holders of Notes (or the holders of Notes of any one or more Series) is two or more persons holding or representing a clear majority in principal amount of the Notes (or, as the case may be, Notes of the relevant Series) for the time being outstanding (as defined in the Trust Deed), or, at any adjourned meeting, two or more persons being or representing holders of Notes (or, as the case may be, Notes of the relevant Series), whatever the principal amount of the Notes so held or represented, except that, at any meeting the business of which includes the modification of certain material conditions of the Notes or of certain provisions of the Trust Deed (as set out therein), the necessary quorum for passing an Extraordinary Resolution is two or more persons holding or representing not less than three-quarters, or at any such adjourned meeting, not less than one-quarter, of the principal amount of the Notes (or, as the case may be, Notes of the relevant Series) for the time being outstanding (as defined in the Trust Deed).

***(b) Trustee's Discretions***

The Trustee may without the consent of the holders of Notes (or of the holders of any one or more Series of Notes or the relative Receipts, Coupons or Talons appertaining thereto) at any time and from time to time:

(i) agree to any modification of the provisions of the Agency Agreement, the Trust Deed or the Notes or the relative Receipts or Coupons or Talons, either generally or in relation to any one or more Series of Notes or all Series of Notes or the relative Receipts or Coupons or Talons (except for the modification of certain material conditions of the Notes or of certain provisions of the Trust Deed as set out therein), which, in the opinion of the Trustee, is of a formal, minor or technical nature, is made to correct a manifest error, or is not materially prejudicial to the interests of the holders of Notes or, as the case may be, the holders of Notes of the relevant Series or the relative Receipts or Coupons or Talons; or

(ii) waive or authorise any breach or proposed breach by the Issuer or the Guarantor of the provisions of the Agency Agreement, Trust Deed or the Notes (either generally or in relation to any one or more Series of Notes or all Series of Notes) or any other act or omission which is or would or might otherwise on its own or together with any other act or omission constitute an Event of Default which, in the opinion of the Trustee, is not materially prejudicial to the interests of the holders of Notes or, as the case may be, the holders of Notes of the relevant Series, or the relative Receipts, Coupons or Talons, or determine that such first mentioned act or omission shall, notwithstanding Condition 12, not be an Event of Default.

Any such modification, waiver, authorisation or determination shall be binding on all the holders of Notes or, as the case may be, the holders of Notes of the relevant Series and, unless the Trustee agrees otherwise, any such modification shall be notified by the Issuer to the holders of Notes or, as the case may be, the holders of Notes of the relevant Series as soon as possible thereafter.

***(c) Substitution***

Subject as provided in the Trust Deed, the Trustee may agree, without the consent of the holders of the Notes or the Notes of any one or more Series, or the holders of any Receipts, Coupons or Talons appertaining thereto, to the substitution of (i) a subsidiary (as defined in the Trust Deed) of the Issuer or the Guarantor in place of the Issuer or any previous substitute as principal debtor under the Notes, Receipts and Coupons or the Notes, Receipts and Coupons of any one or more Series and the Trust Deed in respect of such Notes, Receipts and Coupons, or (ii) a successor in business to the Issuer or Guarantor in place of the Issuer or Guarantor (as the case may be) or any previous substitute provided that in the case of both (i) and (ii) such substituted Company (the "New Company") executes a trust deed or some other form of undertaking in form and manner satisfactory to the Trustee, agreeing to be bound by the provisions of the Trust Deed with any consequential amendments which the Trustee may deem appropriate as fully as if the New Company had been named in the Trust Deed in place of the Issuer or the Guarantor (or of the previous substitute), as the case may be.

Any substitution pursuant to this Condition 13 shall be binding on the Noteholders, the Receiptholders and the Couponholders and, unless the Trustee agrees otherwise, shall be notified to the Noteholders as soon as practicable thereafter in accordance with Condition 15.

***(d) Liability***

Notwithstanding anything else herein contained, the Agents may refrain without liability from doing anything that would or might in its reasonable opinion be contrary to any law of any state or jurisdiction (including but not limited to the United States of America or any jurisdiction forming a part of it and England & Wales), or any directive or regulation of any agency of any such state or jurisdiction and may without liability do anything which is, in its reasonable opinion, necessary to comply with any such law, directive or regulation.

## 14. Prescription

The right of the holder to receive any payment under this Note shall become void six years (in the case of interest) or twelve years (in the case of principal) after the Relevant Date for such payment.

For the purposes of this Condition 14, the "Relevant Date" in relation to any payment due on a Note means the date on which such payment first becomes due, except that if the full amount of the moneys payable on such date in respect of such Note has not been received by the Agent on or prior to such date, the "Relevant Date" means the date 14 days after the date on which notice is duly given to the holder of this Note in accordance with Condition 15 that such moneys have been so received.

## 15. Notices

(a) Notices to holders of Registered Notes will be posted to them at their respective addresses in the Register and such notices will be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of posting.

(b) Any notice to the holder of any Bearer Note shall be validly given if published in the Financial Times in London and the South China Morning Post in Hong Kong or, if either or both of such newspapers shall cease to be published or timely publication therein shall not be practicable, in another English language newspaper with general circulation in Europe or, as the case may be, Hong Kong or in such other manner as the Issuer, with the approval of the Trustee and subject to the requirements of any relevant stock exchange, shall determine. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first such publication in both newspapers. Couponholders will be deemed for all purposes to have notice of the contents of any notice to the holders of Bearer Notes in accordance with this Condition 15.

(c) Until such time as any Definitive Notes are issued, there may, so long as the Global Notes for this Series are held in their entirety on behalf of Euroclear and Clearstream, be substituted for such publication in such newspaper the delivery of the relevant notice to the Trustee, and in the case of a Global Note not held in CMU, Euroclear and Clearstream for communication by them to the holders of the Notes of this Series and in the case of a Global Note held in CMU, to the person(s) for whose account(s) interests in the relevant Global Note are credited as being held by CMU in accordance with the CMU Rules. In the case of a Global Note not held in CMU, any such notice shall be deemed to have been given to the holders of the Notes of this Series on the seventh day after the day on which the said notice was given to the Trustee, Euroclear and Clearstream. In the case of Global Notes held in CMU, any such notice shall be deemed to have been given to the holders of the Notes of this Series on the day on which such notice is delivered to CMU.

(d) Notices to be given by any holder of the Notes of this Series shall be in writing and given by lodging the same, together with the relevant Note or Notes, with the Trustee and the Agent. While any of the Notes of this Series are represented by a Global Note, such notice may be given by any holder of a Note of this Series to the Agent via Euroclear and/or Clearstream, as the case may be, in such manner as the Trustee, the Agent and Euroclear and/or Clearstream, as the case may be, may approve for this purpose.

## 16. Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes which are (a) expressed to be consolidated and form a single series with the Notes; and (b) are identical to the Notes in all respects (including as to listing) except for their respective Issue Prices and Issue Dates and the date of first payment of interest on them, and so that the same shall be consolidated and form a single series with the Notes, and references in these Conditions to Notes include (unless the context requires otherwise) any other notes issued pursuant to this Condition and forming a single series with the Notes.

## 17. Replacement of Notes

Any Note (including for the purposes of this Condition, Coupons and Receipts) which is lost, stolen, mutilated, defaced or destroyed may be replaced (if it is in definitive form) at the specified office of Citibank N.A., London Branch as Agent in London or (if it is in global form) at the office of the Agent in London upon payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence, indemnity, security or otherwise as the Issuer may require. Mutilated or defaced Notes must be surrendered before replacements will be issued.

## 18. Indemnification of Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer or the Guarantor without accounting for any profit resulting therefrom.

## 19. Governing Law

The Notes, the Receipts and the Coupons are governed by, and shall be construed in accordance with, the laws of England. Any matter, claim or dispute arising out of or in connection with the Notes, the Receipts and the Coupons, whether contractual or non-contractual, is to be governed by and construed in accordance with English law.

## 20. Jurisdiction

(a) For the exclusive benefit of the holder of this Note, the Issuer and the Guarantor irrevocably agree that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with this Note (including a dispute relating to any non-contractual obligations arising out of or in connection with this Note) and that accordingly any suit, action or proceeding (together in this Condition 20 referred to as "Proceedings") arising out of or in connection with this Note (including a dispute relating to any non-contractual obligations arising out of or in connection with this Note) may be brought in such courts.

(b) Nothing contained in this Condition 20 shall limit the right of the holder of this Note to take Proceedings in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

(c) The Issuer and the Guarantor further irrevocably agree that no immunity (to the extent that it may exist, whether on the grounds of sovereignty or otherwise) from any Proceedings in relation to this Note or from execution of judgment shall be claimed by or on behalf of them or with respect to their respective assets, any such immunity being irrevocably waived by the Issuer and the Guarantor, and the Issuer and the Guarantor irrevocably consent generally in respect of any such Proceedings to the giving of any relief or the issue of any process in connection with any such Proceedings including, without limitation, the making, enforcement or execution against any property whatsoever of any order or judgment which may be made or given in such Proceedings.

(d) The Issuer and the Guarantor agree that process in connection with Proceedings in the courts of England will be validly served on them if served upon Law Debenture Corporate Services Limited at Fifth Floor, 100 Wood Street, London EC2V 7EX (or otherwise at its registered office for the time being, as notified in writing to the Trustee). The Issuer and the Guarantor further agree that, in the event that such process agent ceases to be able to act or no longer has an address in England, they shall appoint a replacement agent for service of process in England in respect of any Proceedings.

## 21. Third Party Rights

No person shall have any right to enforce any term or condition of this Note or the Trust Deed under the Contracts (Rights of Third Parties) Act 1999.

# Use of Proceeds

The net proceeds from each issue of Notes by MTR Cayman will be applied by it for on-lending to MTRCL. The net proceeds from each issue of Notes by MTRCL and the net proceeds on-lent to it by MTR Cayman under the Programme will be used by MTRCL for general corporate purposes, which may include working capital, refinancing and the repayment of existing debt. MTRCL may temporarily invest funds which are not needed immediately for these purposes in short-term marketable securities. If in respect of any particular issue there is a particular identified use of proceeds, this will be stated in the applicable Pricing Supplement.

# Summary of Provisions relating to the Notes while in Global Form

Each Tranche of Notes with a maturity of more than 365 days will initially be represented by a Temporary Global Note, unless the applicable Pricing Supplement specifies otherwise, and each Tranche with a maturity of 365 days or less will initially be represented by a Permanent Global Note, unless the applicable Pricing Supplement specifies otherwise. Each Global Note will be deposited (a) in the case of a Tranche intended to be cleared through Euroclear or Clearstream, on its issue date with a common depositary on behalf of Euroclear and Clearstream or (b) in the case of a Tranche intended to be cleared through CMU or another clearing system other than Euroclear or Clearstream or delivered outside a clearing system, as stipulated in the applicable Pricing Supplement. Upon deposit of a Global Note with (i) the common depositary, Euroclear or Clearstream will credit, and (ii) a sub-custodian for the Hong Kong Monetary Authority ("HKMA") as operator of CMU, CMU will credit each subscriber with a principal amount of Notes equal to the principal amount thereof for which it has subscribed and paid.

MTRCL (in its capacity as an Issuer and the Guarantor) and MTR Cayman have executed an amended and restated deed (the "Deed of Covenant") in favour of certain account holders with Euroclear, Clearstream and CMU in order to facilitate enforcement by individual Noteholders following any default in payment by the relevant Issuer or the Guarantor.

The Temporary Global Notes and the Permanent Global Notes contain provisions which apply to the Notes while they are in global form, some of which modify the effect of the terms and conditions of the Notes set out in this Offering Circular. Provisions which will apply to Global Notes in registered form will be set out in the applicable Pricing Supplement. The following is a summary of certain of those provisions as they relate to Global Notes in bearer form:

## 1. Exchange

Interests in a Temporary Global Note will be exchangeable in whole or in part for interests in a Permanent Global Note (or, if specified in the applicable Pricing Supplement, Definitive Notes with, where applicable, Receipts, Coupons and Talons attached, subject at all times to the interest being exchanged being a principal amount that is an integral multiple of the minimum Specified Denomination of the Notes) not earlier than the date (the "Exchange Date") which is 40 days after the date on which the Temporary Global Note is issued, provided that in the case of Notes in bearer form, certification of non-US beneficial ownership has been received.

A Permanent Global Note will be exchangeable, in whole or, in certain circumstances, in part, subject at all times to the interest being exchanged being a principal amount that is an integral multiple of the minimum Specified Denomination of the Notes, for Definitive Notes with, where applicable, Receipts, Coupons and Talons attached, upon 60 days' written notice expiring at least 30 days after the Exchange Date from Euroclear, Clearstream or CMU (as the case may be) acting on instructions of the holders of interests in the Permanent Global Note.

## 2. Payments

No payment falling due on or after the Exchange Date will be made on a Temporary Global Note.

Payments on any Temporary Global Note during the period up to the Exchange Date will only be made against presentation of certification as to non-US beneficial ownership. All payments in respect of Notes represented by a Global Note not held in CMU will be made against presentation for endorsement, and, if no further payment falls to be made in respect of the Notes, surrender, of that Global Note to or to the order of the Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be endorsed in the appropriate schedule to each Global Note, which endorsement will be prima facie evidence that such payment has been made in respect of the relevant Notes. Payments on Global Notes held in CMU shall be made in accordance with the CMU Rules and, on withdrawal of such Global Note from CMU, a record of all payments made in respect of such Note until the date of withdrawal shall be endorsed in the appropriate schedule to such Global Note, which endorsement shall be prima facie evidence that such payments have been made.

All payments in respect of a Global Note in registered form will be made to the person shown on the Register at the close of the business day (being for this purpose, in respect of Notes clearing through Euroclear and Clearstream, a day on which Euroclear and Clearstream are open for business, and in respect of Notes clearing through CMU, a day on which CMU is open for business) before the relevant due date. For the purposes of the definition of "Payment Business Day" in Condition 7(c) of the Terms and Conditions of the Notes, the relevant place of presentation shall be disregarded in respect of any payment in respect of any Global Note in Bearer form.

## 3. Notices

So long as any Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to Noteholders of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions, and in the case of Global Notes held in CMU, any such notice shall be deemed to have been given to the Noteholders on the day on which such notice is delivered to CMU.

## 4. Purchase and Cancellation

Cancellation of any Note surrendered for cancellation following its purchase will be effected by reduction in the principal amount of the relevant Global Note.

## 5. Transfer

Any interest in a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, CMU or other relevant clearing system, as appropriate.

# MTR Corporation Limited

MTRCL was incorporated in Hong Kong on 26th April 2000 under the predecessor Companies Ordinance (Cap. 32 of the Laws of Hong Kong).

By virtue of the Mass Transit Railway Ordinance (which came into effect on 30th June 2000 (the "Appointed Day")), with effect from the Appointed Day, the Company replaced MTRC as the Issuer under the Programme, assuming all the legal rights and obligations of the Issuer.

The Company was partially privatised on 5th October 2000 by way of an offer for sale of 1,000,000,000 ordinary shares of HK$1 each in the capital of the Company by the FSI on behalf of the Government. The shares are listed on the Hong Kong Stock Exchange and dealings in the shares on the Hong Kong Stock Exchange commenced on 5th October 2000. On 1st November 2000 the FSI completed the sale of an additional 150,000,000 shares pursuant to an over-allotment option granted to the underwriters of the original share offer.

As at 30th June 2022, the Government's shareholding in the Company was approximately 74.82%.

For as long as the Government is the beneficial owner of the majority of the voting power of the Company, it will be able to appoint persons to the Board of Directors of the Company. In addition, no other shareholder or shareholders together will be able to appoint persons to the Board of Directors unless the Government fails to vote its shares against the appointment of such persons.

In February 2004, the Government invited the Company and KCRC to commence discussions relating to a possible merger of the MTR railway and the KCR railway and related businesses. On 11th April 2006, the Company and the Government entered into a memorandum of understanding (the "Memorandum of Understanding") with respect to the Rail Merger. The Legislative Council of Hong Kong approved the Rail Merger Ordinance on 8th June 2007 and on 9th August 2007, the principal Rail Merger transaction agreements (the "Merger Agreements") for the implementation of the Rail Merger were executed.

The Company obtained approval for the Rail Merger from its independent shareholders at an extraordinary general meeting of the Company held on 9th October 2007 and the Rail Merger became effective on the Merger Date. Further details of the Rail Merger are contained in the section headed "The Integrated MTR System" below.

## The Integrated MTR System

With effect from the Merger Date, the MTR System and the previous KCR System (as at the Merger Date) have operated as a single combined system (the "Integrated MTR System", as described below).

***The MTR System***

The Company has a 50-year exclusive franchise which commenced on 30th June 2000 (and which may be extended in accordance with the Mass Transit Railway Ordinance and an Operating Agreement entered into by the Company and the Government on 30th June 2000 in respect of the operations of the MTR railway (the "Operating Agreement")) to operate the MTR railway system (the "MTR System"). Under the terms of the Rail Merger, the Company's 50-year franchise was re-granted with effect from 2nd December 2007.

The MTR System comprises eight inter-connecting lines: the Kwun Tong Line, the Tsuen Wan Line, the Island Line, the Tseung Kwan O Line, the Tung Chung Line, the Disneyland Resort Line and the South Island Line (which seven lines together comprise the "MTR Lines") and the Airport Express.

The Kwun Tong Line, which commenced operations in 1979, currently runs from Whampoa in mid-Kowloon to east Kowloon at Tiu Keng Leng. The Kwun Tong Line is 18.3 route kilometres in length, of which 15 route kilometres are tunnel section. It has 17 stations, including the interchange stations, and a depot at Kowloon Bay.

The Tsuen Wan Line, which commenced operations in 1982, runs from Central on Hong Kong Island to Tsim Sha Tsui in Kowloon and along the major commercial and residential Nathan Road corridor to Tsuen Wan in the New Territories. It is 16.9 route kilometres in length, of which 13.6 route kilometres are tunnel section. It has 16 stations, including the interchange stations, and a depot at Tsuen Wan.

The Island Line, which commenced operations in 1985, currently runs from Kennedy Town in western Hong Kong Island through Central to the commercial and residential areas of eastern Hong Kong Island ending at Chai Wan. The Island Line is currently 16.0 route kilometres in length, of which 13.9 route kilometres are tunnel section. It currently has 17 stations, including the interchange stations, and a depot at Chai Wan.

The Tung Chung Line, which commenced operations in 1998, runs from Central to Tung Chung on Lantau Island. The Tung Chung Line is 31.1 route kilometres in length, of which 9.0 route kilometres are tunnel section. It has eight stations, including the interchange stations, and a depot at Siu Ho Wan (which is shared with the Airport Express and the Disneyland Resort Line). It was constructed in conjunction with the infrastructure projects associated with the new Hong Kong International Airport and, for most of its length, it either shares its track with, or runs parallel to, the Airport Express.

The Airport Express commenced operations in 1998 as a purpose-built railway serving the new Hong Kong International Airport. It connects the Airport with the Hong Kong, Kowloon, Tsing Yi and AsiaWorld-Expo Stations and is 35.2 route kilometres in length. The Airport Express has five stations, including the interchange stations, and a depot at Siu Ho Wan (which is shared with the Tung Chung Line and the Disneyland Resort Line).

The Tseung Kwan O Line commenced operations in 2002 and runs from North Point on Hong Kong Island through the Eastern Harbour Crossing to Po Lam in Tseung Kwan O new town with a branch to the Tseung Kwan O depot and the adjacent LOHAS Park Station, which was opened to the public on 26th July 2009. This line is 13.8 kilometers in route length and supports the development of the Tseung Kwan O new town and of the Yau Tong area in Kowloon and provides railway access to the commercial and residential districts on Hong Kong Island and in Kowloon.

The Disneyland Resort Line commenced operations on 1st August 2005 to provide a rail-shuttle service between the Tung Chung Line at Sunny Bay and the Hong Kong Disneyland Theme Park which opened in September 2005. The Disneyland Resort Line is 3.5 route kilometres in length.

The South Island Line, which commenced operations on 28th December 2016, is about 7 kilometres in length running between Admiralty and South Horizons with three intermediate stations at Ocean Park, Wong Chuk Hang and Lei Tung. The South Island Line runs from Admiralty in tunnel to Nam Fung Road, then on viaduct to Ocean Park and Wong Chuk Hang, crossing the Aberdeen Channel to Ap Lei Chau.

***The KCR System***

The KCR System comprises the KCR railway and its bus services. The first section of the KCR railway opened in 1910. KCRC was established as a statutory corporation pursuant to the Kowloon-Canton Railway Corporation Ordinance (Cap. 372 of the Laws of Hong Kong) on 24th December 1982 for an unlimited duration to operate the Hong Kong section of the KCR railway. KCRC owns three domestic passenger rail lines: East Rail (including the Lok Ma Chau Spur Line (the "LMCSL")), the Tuen Ma Line and Light Rail.

The East Rail Line is approximately 45.8 route kilometres in length with 16 stations, including the LMCSL. The LMCSL opened for passenger operations on 15th August 2007 and is about 7.3 kilometres in length. It branches off the East Rail alignment north of Sheung Shui Station, runs at grade into tunnels from Sheung Shui to Chau Tau, and then rises gradually onto viaducts until it reaches Lok Ma Chau Station. In addition, the LMCSL Terminus is linked to Futian Checkpoint station of the Shenzhen Metro Longhua Line by a double-deck passenger bridge. The East Rail Line is connected to Tuen Ma Line at Hung Hom and Tai Wai Stations. Moreover, the cross-harbour extension of the East Rail Line commenced service on 15th May 2022, connecting the old terminal at Hung Hom Station to the new terminal at Admiralty Station, via the new Exhibition Centre Station. The full East Rail Line is Hong Kong's fourth cross-harbour railway line, offering interchange connections to five existing railway lines.

Local and cross-boundary passenger services from Hung Hom to Lo Wu and Lok Ma Chau are also operated on the East Rail Line. In addition, the East Rail Line provides access for through trains operated by the Company in cooperation with Mainland China railway operators or authorities running to and from six cities in Mainland China, namely Dongguan, Guangzhou, Foshan, Zhaoqing, Beijing and Shanghai.

The West Rail Line was a mass transit commuter rail line linking suburban areas along the Kowloon urban area to the north-western corridor of the New Territories, including the Kowloon Southern Link. It was designed to resolve the long-standing transport problems for residents in the north-western New Territories by linking West Kowloon with Tuen Mun in the western New Territories. The West Rail Line had 12 stations and was 35.4 route kilometres in length. The West Rail Line, which was officially inaugurated on 20th December 2003, previously ran from Hung Hom to Tuen Mun. The Tuen Ma Line Phase 1, which commenced operations on 14th February 2020, was 17.4 route kilometres in length running from Wu Kai Sha to Kai Tak. On 21st June 2021, the Company, the Government and KCRC entered into agreements and arrangements which integrated the Tuen Ma Line Phase 1 with West Rail into a single railway line that will be known as the Tuen Ma Line. The Tuen Ma Line commenced passenger service on 27th June 2021, marking the opening of the longest railway line in Hong Kong. The Tuen Ma Line is 56.5 route kilometres in length and serves 27 stations throughout the eastern and western New Territories and east Kowloon, connecting passengers with the East Rail Line, Kwun Tong Line, Tung Chung Line and Tsuen Wan Line via six interchange stations. It also extends the Company's railway network to areas of To Kwa Wan, Kowloon City and the new Kai Tak Development Site.

The Light Rail system (which is also known as the North-west Railway) commenced operations in September 1988, comprising 36.2 route kilometres of double track with 68 stops. The Light Rail system operates within the areas of Yuen Long, Tin Shui Wai and Tuen Mun in the north-western New Territories. It is a regional mass-transit system utilising vehicles, which are similar to trams on tracks that run parallel to public roads.

KCRC established bus operations in 1986 to provide efficient feeder bus services to the Light Rail system and East Rail. As of 30th June 2022, there were 15 MTR Bus (Transit Service Area Bus) routes and four MTR Feeder Bus (East Rail feeder bus) routes in operation. KCRC entered into a commercial agreement with The Kowloon Motor Bus (1933) Limited in May 1999 to run East Rail feeder bus routes in Tai Po areas.

***The "Guangzhou – Shenzhen – Hong Kong" High Speed Rail (Hong Kong Section) ("HSR")***

The "Guangzhou – Shenzhen – Hong Kong" High Speed Rail (Hong Kong Section) ("HSR"), which commenced operations on 23rd September 2018, is a 25.7-km rail that connects Hong Kong to Shenzhen, Guangzhou and the 29,000-km high speed rail network in Mainland China. HSR connects Hong Kong West Kowloon Station with 58 Mainland China stations directly without interchanging.

(a) HSR Preliminary Entrustment Agreement

On 24th November 2008, the Government and the Company entered into an entrustment agreement for the design of and site investigation and procurement activities in relation to the HSR (the "HSR Preliminary Entrustment Agreement"). Pursuant to the HSR Preliminary Entrustment Agreement, the Government is obligated to pay the Company the Company's in-house design costs and certain on-costs, preliminary costs and staff costs.

(b) HSR Entrustment Agreement

In 2009, the Government decided that the Company should be asked to proceed with the construction, testing and commissioning of the HSR on the understanding that the Company would subsequently be invited to undertake the operation of the HSR under the service concession approach. On 26th January 2010, the Government and the Company entered into another entrustment agreement for the construction, and commissioning of the HSR (the "HSR Entrustment Agreement"). Pursuant to the

HSR 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 HSR and the Government, as owner of HSR, 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 a fee in accordance with an agreed payment schedule (the "HSR Project Management Fee") (subsequent amendments to these arrangements are described below). As of 30th June 2022, the Company had received full payment of the HSR Project Management Fee from the Government.

The Government has the right to claim against the Company if the Company breaches the HSR Entrustment Agreement (including, if the Company breaches the warranties it gave in respect of its project management services) and, under the HSR Entrustment Agreement, to be indemnified by the Company in relation to losses suffered by the Government as a result of any negligence of the Company in performing its obligations under the HSR Entrustment Agreement or any breach of the HSR Entrustment Agreement by the Company. Under the HSR Entrustment Agreement, the Company's total aggregate liability to the Government arising out of or in connection with the HSR Preliminary Entrustment Agreement and the HSR Entrustment Agreement (other than for death or personal injury) is subject to a cap equal to the HSR Project Management Fee and any other fees that the Company receives under the HSR Entrustment Agreement and certain fees received by the Company under the HSR Preliminary Entrustment Agreement (the "Liability Cap"). In accordance with general principles of law, such Liability Cap could not be relied upon if the Company were found to be liable for the fraudulent or other dishonest conduct of its employees or agents, to the extent that the relevant loss had been caused by such fraudulent or other dishonest conduct. Although the Government has reserved the right to refer to arbitration the question of the Company's liability for the Current Cost Overrun (as defined hereunder) (if any) under the HSR Preliminary Entrustment Agreement and the HSR Entrustment Agreement (as more particularly described in paragraph (c)(iv) below), up to the date of the interim financial report, no claim has been received from the Government.

In April 2014, the Company announced that the construction period for the HSR project needed to be extended, with the target opening of the line for passenger service revised to the end of 2017.

On 30th June 2015, the Company reported to the Government that the Company estimated:

- the HSR would be completed in the third quarter of 2018 (including programme contingency of six months) (the "HSR Revised Programme"); and

- the total project cost of HK$85.3 billion (including contingency), based on the HSR Revised Programme.

As a result of adjustments being made to certain elements of the Company's estimated project cost of 30th June 2015, the Government and the Company reached agreement that the estimated project cost be reduced to HK$84.42 billion (the "Revised Cost Estimate"). Further particulars relating to the Revised Cost Estimate are set out in paragraphs (c) and (e) below.

(c) HSR Agreement

On 30th November 2015, the Government and the Company entered into an agreement (the "HSR Agreement") relating to the further funding and completion of the HSR. The HSR Agreement contains an integrated package of terms (subject to conditions as set out in paragraph (c)(vi) below) and provides that:

(i) The Government will bear and finance the project cost up to HK$84.42 billion (which includes the original budgeted cost of HK$65 billion plus the agreed increase in the estimated project cost of HK$19.42 billion (the portion of the entrustment cost (up to HK$84.42 billion) that exceeds HK$65 billion being the "Current Cost Overrun"));

(ii) The Company will, if the project exceeds HK$84.42 billion, bear and finance the portion of the project cost which exceeds that sum (if any) (the "Further Cost Overrun") except for certain agreed excluded costs (namely, additional costs arising from changes in law, force majeure events or any suspension of construction contracts specified in the HSR Agreement);

(iii) The Company will pay a special dividend in cash of HK$4.40 in aggregate per share in two equal tranches (of HK$2.20 per share in cash in each tranche) ("Special Dividend"). The first tranche was paid on 13th July 2016 and the second tranche was paid on 12th July 2017;

(iv) The Government reserves the right to refer to arbitration the question of the Company's liability for the Current Cost Overrun (if any) under the HSR Preliminary Entrustment Agreement and HSR Entrustment Agreement ("Entrustment Agreements") (including any question the Government may have regarding the validity of the Liability Cap). The Entrustment Agreements contain dispute resolution mechanisms which include the right to refer a dispute to arbitration. Under the HSR Entrustment Agreement, the Liability Cap is equal to the HSR Project Management Fee and any other fees that the Company receives under HSR Entrustment Agreement and certain fees received by the Company under the Preliminary Entrustment Agreement. Accordingly, the Liability Cap increases from up to HK$4.94 billion to up to HK$6.69 billion as the HSR Project Management Fee is increased in accordance with the HSR Agreement (as it will be equal to the increased HSR Project Management Fee under the HSR Entrustment Agreement of HK$6.34 billion plus the additional fees referred to above). If the arbitrator does not determine that the Liability Cap is invalid and determines that, but for the Liability Cap, the Company's liability under the Entrustment Agreements for the Current Cost Overrun would exceed the Liability Cap, the Company shall:

- bear such amount as is awarded to the Government up to the Liability Cap;

- seek the approval of its independent shareholders, at another General Meeting (at which the FSI, the Government and their Close Associates and Associates and the Exchange Fund will be required to abstain from voting), for the Company to bear the excess liability; and

- if the approval of the independent shareholders (referred to immediately above) is obtained, pay the excess liability to the Government. If such approval is not obtained, the Company will not make such payment to the Government;

(v) Certain amendments are made to the HSR Entrustment Agreement to reflect the arrangements contained in the HSR Agreement, including an increase in HSR Project Management Fee payable to the Company under HSR Entrustment Agreement to an aggregate of HK$6.34 billion (which reflects the estimate of the Company's expected internal costs in performing its obligations under the HSR Entrustment Agreement in relation to HSR project) and to reflect the HSR Revised Programme;

(vi) The arrangements under the HSR Agreement (including the payment of the Special Dividend) were conditional on:

- independent shareholder approval (which was sought at the General Meeting held on 1st February 2016); and

- Legislative Council approval in respect of the Government's additional funding obligations.

The HSR Agreement (and the Special Dividend) was approved by the Company's independent shareholders at the General Meeting held on 1st February 2016 and became unconditional upon approval by the Legislative Council on 11th March 2016 of the Government's additional funding obligations.

(d) Operations of HSR

On 23rd August 2018, the Company and KCRC entered into the supplemental service concession agreement for the HSR to supplement the Service Concession Agreement dated 9th August 2007 in order for KCRC to grant a concession to the Company in respect of the HSR and to prescribe the operational and financial requirements that will apply to the HSR. The commercial operation of HSR began on 23rd September 2018.

(e) Based on the Company's latest review of the Revised Cost Estimate for the agreed scope of the project and having taken account of the opinion of independent experts including one on the review of the Revised Cost Estimate previously obtained, the Company believes that, although the latest final project cost is likely to come close to the Revised Cost Estimate, the Revised Cost Estimate is still achievable and there is no current need to revise further such estimate. However, the final project cost can only be ascertained upon finalisation of all contracts, some of which will involve the resolution of commercial issues and may take several years to reach settlement based on past experience.

Having considered the number of contracts yet to be finalised and the contingency allowance currently available, there can be no absolute assurance that the final project cost will not exceed the Revised

Cost Estimate, particularly if unforeseen difficulties arise in the resolution of commercial issues during the process of negotiating the final accounts. In such case, under the terms of the HSR Agreement, the Company will be required to bear and finance the portion of the project cost that exceeds the Revised Cost Estimate (if any) except for certain agreed excluded costs (as more particularly described in paragraph (c)(ii) above).

(f) The Company has not made any provision in its consolidated accounts in respect of:

(i) any possible liability of the Company for any Further Cost Overrun (if any), given the Company does not currently believe based on information available to date there is any need to revise further the Revised Cost Estimate. However, the final project cost can only be ascertained upon finalisation of all contracts, some of which will involve the resolution of commercial issues and may take several years to reach settlement;

(ii) any possible liability of the Company that may be determined in accordance with any arbitration that may take place (as more particularly described in note paragraph (c)(iv) above), given that (a) the Company has not received any notification from the Government of any claim by the Government against the Company or of any referral by the Government to arbitration as of 30th June 2022 and up to the date of the interim financial report; (b) the Company has the benefit of the Liability Cap; and (c) as a result of the HSR Agreement, the Company will not make any payment to the Government in excess of the Liability Cap pursuant to a determination of the arbitrator without the approval of its independent shareholders; and

(iii) where applicable, because the Company is not able to measure with sufficient reliability the amount of the Company's obligation or liability (if any).

(g) Total HSR Project Management Fee and the additional fees referred to above, of HK$6,548 million in aggregate, have been recognised in consolidated profit and loss account in the prior years.

In relation to the sufficiency of the HSR Project Management Fee, the Company estimated that the total costs to complete performance of its obligations in relation to the HSR project are likely to exceed the HSR Project Management Fee. Accordingly, an appropriate amount of provision was recognised in the consolidated profit and loss account in the prior years.

***Shatin to Central Link Project***

The ten-station 17-km SCL connects existing railway lines to form an East West Corridor ("Tai Wai to Hung Hom Section") and a North South Corridor ("Hung Hom to Admiralty Section") with five interchange stations, creating vital new links across Hong Kong.

(a) SCL Agreements

The Company and the Government entered into the SCL Preliminary Entrustment Agreement ("SCL EA1") in 2008, the SCL Advance Works Entrustment Agreement ("SCL EA2") in 2011, and the SCL Entrustment Agreement ("SCL EA3") in 2012 (together, the "SCL Agreements"), in relation to the SCL.

Pursuant to the SCL EA1, the Company is responsible for carrying out or procuring the carrying out of the design, site investigation and procurement activities while the Government is responsible for funding directly the total cost of such activities.

Pursuant to the SCL EA2, the Company is responsible for carrying out or procuring the carrying out of the agreed works while the Government is responsible for bearing and paying to the Company all the work costs ("EA2 Advance Works Costs"). The EA2 Advance Works Costs and the Interface Works Costs (as described below) are reimbursable by the Government to the Company. During the six months ended 30th June 2022, HK$77 million of such costs were incurred by the Company, which are payable by the Government. As at 30th June 2022, the amount of such costs which remained outstanding from the Government was HK$190 million.

The SCL EA3 was entered into in 2012 for the construction and commissioning of the SCL. The Government is responsible for bearing all the work costs specified in the SCL EA3 including costs to contractors and costs to the Company ("Interface Works Costs") (which the Company would pay upfront and recover from the Government) except for certain costs of modification, upgrade or expansions of certain assets (including rolling stock, signalling, radio and main control systems) for which the Company is responsible under the existing service concession agreement with KCRC. The Company will contribute an amount in respect of the costs relating to such modifications, upgrades or expansions. This will predominantly be covered by the reduction in future maintenance capital expenditure which the Company would have otherwise incurred. The total sum entrusted to the Company by the Government for the main construction works under the SCL EA3, including project management fee, was HK$70,827 million ("Original Entrusted Amount").

The Company is responsible for carrying out or procuring the carrying out of the works specified in the SCL Agreements for a project management fee of HK$7,893 million (the "Original PMC"). As at 30th June 2022, the Company has received full payment of the Original PMC from the Government in accordance with the original agreed payment schedule. The total Original PMC of HK$7,893 million has been fully recognised in the consolidated profit and loss account in previous years.

(b) SCL EA3 Cost Overrun

(i) Cost to Complete

The Company has previously announced that, due to the continuing challenges posed by external factors, the Original Entrusted Amount under SCL EA3 would not be sufficient to cover the total estimated cost to complete ("CTC") and would need to be revised upwards significantly. The Company carried out a detailed review of the estimated CTC for the main construction works in 2017 and submitted a revised estimated total CTC of HK$87,328 million, including an increase in the project management fee payable to the Company ("2017 CTC Estimate") to the Government on 5th December 2017, taking into account a number of factors, including issues such as archaeological relics, the Government's requests for additional scope and late or incomplete handover of construction sites.

The Company then carried out and completed a further review and revalidation of the CTC and, on 10th February 2020, notified the Government, in accordance with the terms of the SCL EA3, of the latest estimate of the CTC, being HK$82,999 million ("2020 CTC Estimate"), including additional project management fee payable to the Company of HK$1,371 million ("Additional PMC"), being the additional cost to the Company of carrying out its remaining project management responsibilities under the SCL EA3, as detailed in paragraph (b)(ii) below but excluding the Hung Hom Incidents Related Costs in respect of which the Company had already recognised a provision of HK$2 billion in its consolidated profit and loss account for the year ended 31st December 2019 (as detailed in paragraph (c)(iii) below). The 2020 CTC Estimate represents an increase of HK$12,172 million from the Original Entrusted Amount of HK$70,827 million, which is less than the increase in the 2017 CTC Estimate of HK$16,501 million.

In accordance with the terms of SCL EA3, the Government issued its paper on 18th March 2020 to seek the approval of the Legislative Council for additional funding required for the SCL project amounting to HK$10,801 million ("Additional Funding") so that the SCL can be completed. On 12th June 2020, the Legislative Council approved the Additional Funding for the SCL project. For the avoidance of doubt, the Additional Funding sought by the Government and approved by the Legislative Council excluded the Hung Hom Incidents Related Costs (as detailed in paragraph (c)(iii) below) and any Additional PMC for the Company as further detailed in paragraph (b)(ii) below.

(ii) Additional PMC

As detailed in paragraph (b)(i) above and as previously disclosed by the Company, the programme for the delivery of the SCL project has been significantly impacted by certain key external events. Not only do these matters increase the cost of works, they also increase the cost to the Company of carrying out its project management responsibilities under the relevant SCL entrustment agreement, which is estimated to be around HK$1,371 million.

By December 2020, the aggregate amount of project management fee paid by the Government to the Company in accordance with the payment schedule contained in the SCL EA3 was substantially close to the Original PMC (excluding, for the avoidance of doubt, the Additional PMC of HK$1,371 million previously sought by the Company) and has been expended in full by the Company. The Additional Funding approved by the Legislative Council did not include any Additional PMC for the Company which the Company had previously sought from the Government. Therefore, the cost to the Company of continuing to comply with its project management obligations under the SCL EA3 is currently being met by the Company on an interim and without prejudice basis (to allow the SCL project to progress in accordance with the latest programme) and the Company reserves its position as to the ultimate liability for such costs and as to its right to pursue the courses of action and remedies available under the SCL EA3.

However, given the Company's view that there has been a significant delay to the project programme and associated increase in project management costs to the Company, the Company has written to the Government to restate the Company's belief that the Company is entitled (in accordance with the terms of the SCL EA3 and following the Company's receipt of independent expert advice) to an increase in the project management fee, to be agreed by way of good faith negotiations or otherwise determined in accordance with the provisions of the SCL EA3. However, the Government has responded to the Company by reiterating that the Government considers there have not been any material modifications to any of the scope of works, entrustment activities and/or entrustment programme contained in the SCL EA3 and, as such, the Government maintains its position of disagreement to any increase in the project management fee.

Despite the fact that this matter needs to be resolved, the Company has continued, and will continue, to comply with its project management obligations under the SCL EA3 and has met, and will continue to meet, the costs thereof, on an interim and without prejudice basis, to allow the SCL project to progress in accordance with the latest programme in order to achieve a full opening of the SCL as soon as reasonably practicable, whilst reserving its position as to the ultimate liability for such costs and as to its rights to pursue the courses of action and remedies available under the SCL EA3.

(iii) Provision for the SCL PMC

After taking into account the matters described in paragraph (b)(ii) above, and in particular, the Company meeting, on an interim and without prejudice basis (whilst reserving its position as to the ultimate liability for such costs and as to its rights to pursue the courses of action and remedies available under the SCL EA3), the cost to the Company of continuing to comply with its project management obligations, the Group recognised a provision of HK$1,371 million, for the estimated additional cost to the Company of continuing to comply with its project management responsibilities, in its consolidated profit and loss account for the year ended 31st December 2020. During the six months ended 30th June 2022, the provision utilised amounted to HK$168 million and no provision was written back. As at 30th June 2022, the provision of HK$625 million (net of amount utilised) is included in "Creditors, other payables and provisions" in the consolidated statement of financial position.

This amount does not take into account any potential payment to the Company of any Additional PMC (whether in the circumstances that no overall settlement is reached and / or as a result of an award, settlement or otherwise). Accordingly, if any such potential payment becomes virtually certain, the amount of any such payment will be recognised and credited to the Company's consolidated profit and loss account in that financial period.

(c) Hung Hom Incidents

As stated in the Company's announcement dated 18th July 2019, there were allegations in 2018 concerning workmanship in relation to the Hung Hom Station extension ("First Hung Hom Incident"). The Company took immediate steps to investigate the issues, report the Company's findings to the Government and reserve the Company's position against relevant contractors.

In late 2018 and early 2019, the Company advised the Government of an insufficiency of construction records and certain construction issues at the Hung Hom North Approach Tunnel ("NAT"), the South Approach Tunnel ("SAT") and the Hung Hom Stabling Sidings ("HHS"), forming an addition to the First Hung Hom Incident ("Second Hung Hom Incident").

To address each of the First Hung Hom Incident and the Second Hung Hom Incident, the Company has submitted to the Government proposals for verification of the relevant as-constructed conditions and workmanship quality.

(i) Commission of Inquiry ("COI")

On 10th July 2018, the COI was set up by the HKSAR Chief Executive in Council pursuant to the Commissions of Inquiry Ordinance (Cap. 86 of the Laws of Hong Kong). On 29th January 2019, the Government made its closing submission to the first phase of the COI in which it stated its view that the Company ought to have provided the required skills and care reasonably expected of a professional and competent project manager but that the Company had failed to do so.

On 26th March 2019, the Government published the redacted interim report of the COI in which the COI found that although the Hung Hom Station extension diaphragm wall and platform slab construction works are safe, they were not executed in accordance with the relevant contract in material aspects.

On 18th July 2019, the Company submitted to the Government two separate final reports, one in respect of the First Hung Hom Incident and one in respect of the Second Hung Hom Incident, containing, inter alia, proposals for suitable measures required at certain locations to achieve code compliance. These suitable measures have been implemented.

On 22nd January 2020, the Government reiterated, in its closing submissions to the COI, that there was failure on the part of both the Company and the contractor Leighton Contractors Asia Limited to perform the obligations which the two parties undertook for the SCL project and that the Company, which was entrusted by the Government as the project manager of the SCL project, ought to have provided the requisite degree of skill and care reasonably expected of a professional and competent project manager.

On 12th May 2020, the Government published the final report of the COI in which the COI determined that it is fully satisfied that, with the suitable measures in place, the station box, NAT, SAT and HHS structures will be safe and also fit for purpose. The suitable measures for these structures were completed in 2020. The COI also made a number of comments on the construction process (including regarding failures in respect thereof such as unacceptable incidents of poor workmanship compounded by lax supervision and that in a number of respects also, management of the construction endeavour fell below the standards of reasonable competence) and made recommendations to the Company for the future.

(ii) Expert Adviser Team ("EAT")

On 1st February 2021, the EAT on the SCL project, which was appointed by the Government in August 2018 to conduct an overall review of the Company's project management system and recommend additional management and monitoring measures to be undertaken by the Company and the Government in taking forward the SCL project, has submitted its final report to the Government. The report noted that it is safe in practical terms to use the related built structures at Hung Hom Station for their intended purposes after the implementation of the suitable measures. The EAT has also put forward in the report recommendations to the Company and the Government for the continuous improvement of railway project management.

(iii) Provision for the Hung Hom Incidents Related Costs

In July 2019, the Government accepted the Company's recommendation that the Tuen Ma Line (Tai Wai to Hung Hom Section of the SCL) should open in phases, with the first phase involving the opening of commercial service on the Tuen Ma Line from Tai Wai Station to Kai Tak Station ("Phased Opening") which occurred on 14th February 2020.

In order to progress the SCL project and to facilitate the Phased Opening in the first quarter of 2020, the Company announced in July 2019 that it would fund, on an interim and without prejudice basis, certain costs arising from the Hung Hom Incidents and certain costs associated with the Phased Opening (being costs for alteration works, trial operations and other costs associated with the preparation activities for the Phased Opening) ("Hung Hom Incidents Related Costs"), whilst reserving the Company's position as to the ultimate liability for such costs.

The Company and the Government will continue discussions with a view to reaching an overall settlement in relation to the Hung Hom Incidents and their respective funding obligations relating to the CTC and the Hung Hom Incidents Related Costs. If no overall settlement is reached between the Company and the Government within a reasonable period, the provisions of the SCL EA3 shall continue to apply (as they currently do) including in relation to such costs, and the responsibility for the funding of such costs shall be determined in accordance with the SCL EA3.

After taking into account the above, and in particular, the Company's decision to fund, on an interim and without prejudice basis, the Hung Hom Incidents Related Costs, the Company recognised a provision of HK$2,000 million in its consolidated profit and loss account for the year ended 31st December 2019. During the six months ended 30th June 2022, the provision utilised amounted to HK$66 million and no provision was written back. As at 30th June 2022, the provision of HK$878 million (net of amount utilised) is included in "Creditors, other payables and provisions" in the consolidated statement of financial position.

This amount does not take into account any potential recovery from any other party (whether in the circumstances that no overall settlement is reached and / or as a result of an award, settlement or otherwise). Accordingly, if any such potential recovery becomes virtually certain, the amount of any such recovery will be recognised and credited to the Company's consolidated profit and loss account in that financial period.

(d) Mixed Fleet Operation Incident

On 11th September 2020, the Company announced the delay in service commencement of the new East Rail Line ("EAL") signalling system and introduction of new nine-car trains which was originally scheduled for

12th September 2020 (collectively "Mixed Fleet Operation Incident"), following a review on the new signalling system conducted by the Company prior to service commencement.

On 13th September 2020, the Company announced the setting up of the Investigation Panel to look into the Mixed Fleet Operation Incident and to submit an investigation report to the Government. On 21st January 2021, the Company submitted to the Government for its review the report from the Investigation Panel. The Company acknowledged and accepted the findings of the Investigation Panel which include a finding that the issue concerned in the Mixed Fleet Operation Incident is not an issue of safety but of service reliability. The Company also accepted and will implement the recommendations made in the report. Following the satisfactory completion of further additional testing and approval by relevant Government departments, the new signalling system and the new nine-car trains on the EAL were commissioned on 6th February 2021 in preparation for extending the EAL across the harbour to Admiralty Station.

(e) Potential Claims from and Indemnification to the Government

The Government has the right to claim against the Company if the Company breaches the SCL Agreements (including, if the Company breaches the warranties it gave in respect of its project management services) and, under each SCL Agreement, to be indemnified by the Company in relation to losses incurred by the Government as a result of the negligence of the Company in performing its obligations under the relevant SCL Agreement or breach thereof by the Company. Under the SCL EA3, the Company's total aggregate liability to the Government arising out of or in connection with the SCL Agreements (other than for death or personal injury) is subject to a cap equal to the fees that the Company receives under the SCL Agreements. In accordance with general principles of law, such cap could not be relied upon if the Company were found to be liable for the fraudulent or other dishonest conduct of its employees or agents, to the extent that the relevant loss had been caused by such fraudulent or other dishonest conduct. Although the Government has stated that it reserves all rights to pursue further actions against the Company and related contractors and has made the statements in its closing submission to the COI (as stated in paragraph (c)(i) above), up to the date of the interim financial report, no claim has been received from the Government in relation to any SCL Agreement. It is uncertain as to whether such claim will be made against the Company in the future and, if made, the nature and amount of such claim.

The eventual outcome of the discussions between the Company and the Government on various matters including the timing of any overall settlement in relation to the Hung Hom Incidents and their respective funding obligations relating to the Hung Hom Incidents Related Costs and the level of recovery from relevant parties remain highly uncertain at the current stage. As a result, no additional provision other than as stated above has been made as the Company is currently not able to measure with sufficient reliability the ultimate amount of the Company's obligation or liability arising from the SCL project as a whole in light of the significant uncertainties involved. While no provision in respect of the SCL project related matters was recognised at 30th June 2022 other than as stated above, the Company will reassess on an ongoing basis the need to recognise any further provision in the future in light of any further development.

(f) Opening of the SCL

On 11th February 2020, the Company entered into relevant agreements with the Government and KCRC to supplement and amend the current agreements to enable the Company to operate Tuen Ma Line Phase 1 in substantially the same manner as the existing railway network for a period of two years from 14th February 2020 including the supplemental service concession agreement ("SSCA1-SCL") signed with KCRC.

On 21st June 2021, the Company entered into relevant agreements with the Government and KCRC to supplement and amend the current agreements to enable the Company to operate the entire Tuen Ma Line, being the first part of the SCL, in substantially the same manner as the existing railway network for a period of two years from 27th June 2021 including the supplemental service concession agreement ("SSCA2-SCL") signed with KCRC. The SSCA2-SCL replaced the SSCA1-SCL.

On 10th May 2022, the Company entered into relevant agreements with the Government and KCRC to supplement and amend the current agreements to enable the Company to operate the SCL as a whole in substantially the same manner as the existing railway network but for a period of ten years from 15th May 2022, being the date of commissioning and commercial operation of the second part of the SCL which extended the East Rail Line (Original) (as defined in the SSCA3-SCL) from Hung Hom Station to Admiralty Station via Exhibition Centre Station, including the supplemental service concession agreement ("SSCA3-SCL") signed with KCRC. The SSCA3-SCL superseded and replaced the SSCA2-SCL. Prior to the expiry of this ten-year period, the parties are obliged to commence exclusive negotiations in good faith with a view to agreeing the terms of a legally binding agreement in relation to an extension of SCL concession (including, without limitation, that the Company shall operate the SCL pursuant to a service concession as defined in the Mass Transit Railway Ordinance) which shall apply to the SCL the New Operating Agreement (as defined on page 92) and which should in accordance with the New Operating Agreement, enable the Company to earn a commercial rate of return from its operation of the SCL.

***The Integrated MTR System***

The MTR railway and the KCR railway (the "Integrated Railway"), Light Rail and HSR are subject to a single regulatory regime and its operations are regulated by the Mass Transit Railway Ordinance, the Mass Transit Railway Regulations (Cap. 556A of the Laws of Hong Kong), the New Operating Agreement and the Amendment Agreement. Passengers travelling on the Integrated Railway (other than on Light Rail) are subject to the Mass Transit Railway By-Laws (Cap. 556B of the Laws of Hong Kong). Passengers travelling on Light Rail are subject to the terms of the Mass Transit Railway (North-West Railway) By-Law (Cap. 556H of the Laws of Hong Kong). The total route length of the Integrated Railway, HSR and Light Rail is approximately 271 kilometres.

There are 99 stations in the Integrated MTR System (excluding Light Rail).

***The Rail Merger***

The Merger Agreements (as defined on page 75), together with the Rail Merger Ordinance, provide the legal framework and specific terms and conditions for the implementation of the Rail Merger and the continued operation of the MTR and KCR railways.

The Rail Merger was principally structured as a service concession (the "Service Concession"). The Service Concession, which was granted by KCRC to the Company under the Service Concession Agreement dated 9th August 2007 ("Existing Service Concession Agreement"), provides the necessary legal framework to enable the Company to access, use and operate the assets required to run the KCR railway. The assets which are the subject of the Service Concession include assets such as railway infrastructure, rolling stock, railway systems, station equipment, office facilities and other railway and non-railway related assets.

Together with the grant of the Service Concession, the Company purchased certain other assets from KCRC which were needed to operate KCRC's business after the Rail Merger. These assets included certain properties, shares, business plant and machinery, tools and equipment, business stocks, stores and spares and intellectual property rights. The Company also acquired the economic benefit of the majority of KCRC's property-related interests.

The payments made, or to be made by the Company to KCRC in relation to the Rail Merger were, or are as follows:

- *Initial payments:* (i) HK$4.25 billion being the upfront fee for the right to operate the Service Concession and the consideration for the purchase of certain assets; and (ii) HK$7.79 billion payable in consideration for the execution of the Property Package Agreements and the sale of the shares in certain of KCRC's subsidiaries under the Sale and Purchase Agreement, in each case, paid on the Merger Date;

- *Fixed annual payments:* HK$750 million for the Service Concession, payable in arrear on the day immediately preceding each anniversary of the Merger Date; and

- *Variable annual payments:* for the Service Concession on a tiered basis by reference to the amount of revenue from the KCR railway (as determined in accordance with the service concession agreement) for each financial year of the Company. The applicable percentage will vary according to the amount of revenue from the KCR railway for the relevant financial year of the Company.

These variable annual payments will be payable in arrear within 60 days after the end of the relevant financial year of the Company. No variable annual payment was payable in respect of the first 36 months following the Merger Date.

***Patronage***

The number of passengers carried for each of the years 2017 to 2021 and for the first six months of 2022 is set out in the following table. For the first half of 2022, total patronage for all of the Company's rail and bus passenger services (that is, the Integrated MTR System) decreased to 649.4 million or by 11.8% as compared to total patronage on the Integrated MTR System during the same period in the previous year.

The Company's domestic service, which includes the MTR Lines and the KCR Lines (comprising the East Rail (excluding the cross-boundary service) and Tuen Ma Line) recorded total patronage of 570.5 million for the first half of 2022. This represents a decrease of 11.7% when compared to the same period in 2021.

For the cross-boundary service at Lo Wu and Lok Ma Chau, patronage was 0.2 million for the first half of 2022, representing a decrease of 13.0% compared to the same period in 2021. The decrease was mainly due to the impact of COVID-19 leading to the on-going closure of several boundary crossings between Hong Kong and Mainland China (including the crossings at the Company's Lo Wu, Lok Ma Chau and Hong Kong West Kowloon stations, as well as the Intercity Through Train control point at Hung Hom Station) together with high severity of the fifth wave of COVID-19 impacting the domestic travel to and from Lo Wu and Lok Ma Chau stations.

For the first six months of 2022, patronage on the Airport Express decreased by 0.6% as compared to the same period last year, due to the continued impact of pandemic-related measures on air passenger numbers.

Total patronage on the HSR in the first half of 2022 was nil.

*Passengers per year*

| | **Integrated MTR System**[(2)] |
|---|---|
| | *(in millions)* |
| 2022 (first six months)[(1)] | 649.4 |
| 2021 | 1,616.3 |
| 2020 | 1,310.8 |
| 2019 | 1,914.3 |
| 2018 | 2,044.5 |
| 2017 | 2,000.0 |

Notes:

(1) The total number of passengers for the first six months ended 30th June 2022.

(2) Total patronage from all rail and bus passenger services (including Intercity Service).

***Fares and the Fare Adjustment Mechanism***

One of the parameters set by the Government in February 2004 in relation to the Rail Merger was the adoption of an objective and transparent fare adjustment mechanism. The Government set this parameter to address (a) the public concern that the process for adjustment of transport fares should be more objective and transparent, and should allow for reductions as well as increases in fares; (b) the concern of public transport operators that once fares are reduced, public pressure will render fare increases difficult, if not impossible, to implement (even when the economy is improving); and (c) the common concern of public transport operators and the Government that fare adjustments should not be politicised as they are not conducive to efficiency and social harmony.

The Company and the Government agreed upon the FAM for determining future fare adjustments to replace fare autonomy after the Rail Merger. The FAM was incorporated into the new operating agreement dated 9th August 2007 ("New Operating Agreement"), which replaced the previous Operating Agreement on the Merger Date. The FAM became effective on the Merger Date and was applied for the first time in 2009.

The FAM provides that any adjustment to specified fares should be linked to changes in the Composite Consumer Price Index and changes in the Nominal Wage Index (Transportation Section), both published by the Census & Statistics Department of the Government, and takes into account a productivity factor.

The FAM is subject to review every five years. The Company and the Government began the first review exercise in 2012 and this was completed in April 2013. In April 2016, the Company agreed to an early joint review of the FAM as requested by the Government, thereby advancing the next scheduled review by one year. Following completion of the review exercise in March 2017, the Company and the Government have agreed to maintain the current FAM formula and the direct-drive nature of the FAM formula, save for (a) certain consequential changes as a result of the Early Review having been advanced by one year and (b) certain fare concessions and promotions. The Company and the Government have agreed that the scheduled review of the FAM originally due in 2017/18 will not be undertaken and the next scheduled review is expected to begin in the second half of 2022 and conclude in the first half of 2023. The FAM after review will take effect in June/July 2023.

The existing FAM requires the Company to adjust fares according to a pre-determined formula based on changes in the composite consumer price index and wage index, and a productivity factor. The existing FAM formula works as follows:

"Overall weighted fare adjustment rate = $0.5 * \Delta$ CCPI + $0.5 * \Delta$ wage index – t"

where:

"Overall weighted fare adjustment rate" is calculated based on the basket of specified "fares" on the Integrated Railway;

"$\Delta$ CCPI" means the yearly percentage change in the Government Composite Consumer Prices Index;

"$\Delta$ wage index" means the yearly percentage change in the Nominal Wage Index (Transportation Sector) (the "Transport Wage Index"); and

"t" shall have the value:

(a) zero up to the implementation of the FAM in 2012; and

(b) thereafter, the greater of:

(1) 0.5 x CAGR in Productivity in the Reference Period expressed as a percentage and rounded to the nearest one tenth of a percentage; and

(2) zero,

where:

"CAGR" means compound annual growth rate;

"Productivity" is revenue from the Company's Hong Kong transport operations divided by the Company's expenses relating to Hong Kong transport operations, as set out in the Company's audited financial statements for the first and last financial years of the Reference Period (but subject to adjustments due to changes in accounting standards and segmental reporting between the two relevant financial years); and

"Reference Period" (a) in respect of each of the calendar years 2013 to 2017, is the financial years

2008 to 2012; and (b) in respect of each of the calendar years 2018 to 2022, is the financial years 2012 to 2017. Thereafter, for each successive five calendar years, in respect of each calendar year in such five-year period, the Reference Period is the six financial years immediately preceding that five-year period.

As a consequence of the Early Review having been advanced by one year, the Company and the Government have agreed to amend the FAM such that the "Reference Period" in respect of each of the calendar years 2013 to 2016, is the financial years 2008 to 2012, in respect of each of the calendar years 2017 to 2022, is the financial years 2012 to 2016 and, in respect of each of the calendar years 2023 to 2027, is the financial years 2016 to 2022.

For reference, the value of "t" (the productivity factor) in respect of each of the calendar years 2017 to 2022 with reference to the Reference Period, as amended, will be zero.

Subject to certain exceptions, the Company is limited to adjusting individual fares which are subject to the FAM; such adjustments to individual fares (except for single journey fares rounded to the nearest HK$0.50 unit) will be within a range of +/-5 percentage points from the overall fare adjustment rate.

If, in a given year, the overall fare adjustment rate under the FAM is within the range of +/-1.5%, there shall be no fare adjustment and the unadjusted percentage shall be rolled over to the next annual fare review.

The FAM applies to specified fares on all existing and new railway lines on the Integrated Railway, on the Light Rail and on Transit Service Area Buses (other than the Airport Express Line (unless the fare is an Airport workers' fare), Ngong Ping 360, the intercity trains and certain other new lines which are not intended for use by daily commuters for domestic travel). The weighted average adjustment of these specified fares should be equal to the calculated "overall fare adjustment rate" from the above formula. For adjustments to fares of the Airport Express, the Company shall be subject to consultation requirements which are substantially the same as those set out in the New Operating Agreement.

Under the FAM formula, the overall fare adjustment rate for 2022/2023 is +0.5%, which would be rolled over to 2023/24.

The Company and the Government have agreed to the following special applications from 2017 to 2022:

(a) the rate of any adjustment to the fares in calendar year 2017 pursuant to the FAM shall be reduced by 0.6 of a percentage point followed by an overall 10% discount; and

(b) the rate of any adjustment to the fares in each of calendar years 2018 to 2022 pursuant to the FAM shall be reduced by 0.6 of a percentage point.

The manner of application pursuant to paragraphs (a) and (b) above shall apply prior to, and without prejudice to, the operation of other provisions in the FAM, including provisions which have the effect of rolling over adjustments to fares to the subsequent calendar year (and any other subsequent calendar year(s), if applicable) where the increase or reduction (as the case may be) to the fares otherwise required to be imposed pursuant to the FAM in any calendar year is less than 1.5% ("Rollover Provisions").

## Future Extensions/Projects

***Potential Future Extensions***

On 17th September 2014, the Government issued its RDS 2014 (as defined on page 14). The RDS 2014 proposed the following seven new railway projects in Hong Kong:

- The Tung Chung Line Extension will extend the existing Tung Chung Line by 1.5 kilometres to a new station in Tung Chung West. This new station will provide railway access to existing residents in the Yat Tung Estate and other potential developments nearby. Another new station at Tung Chung East will also be added to serve the new developments on the Tung Chung New Town Extension (East) reclamation.

- The Tuen Mun South Extension will extend the (former) West Rail Line by 2.4 kilometres to connect Tuen Mun Station to the new Tuen Mun South Station, with an intermediate station at Area 16 to further enhance rail catchment. This will improve connectivity for residents in Tuen Mun South who presently have to travel to Tuen Mun Station in order to access the railway system.

- The Northern Link and Kwu Tung Station will be a new 10.7 kilometre railway line formed by linking the Kam Sheung Road Station on the (former) West Rail Line to a new station at Kwu Tung on the Lok Ma Chau Spur Line. The Northern Link will improve the east-west connectivity in the northern New Territories, divert passenger flow from the East Rail Line, help connect new development areas in the northern New Territories and enhance cross-boundary movements.

- The Hung Shui Kiu Station will be a new station on the (former) West Rail Line located between Tin Shui Wai Station and Siu Hong Station. It will provide railway service for the Hung Shui Kiu New Development Area.

- A new East Kowloon Line will aim to connect Diamond Hill Station on the existing Kwun Tong Line (and the SCL) and Po Lam Station on the existing Tseung Kwan O Line. This 7.8 kilometre line will run along the north Kwun Tong area and will help serve the densely populated areas in Choi Wan, Shun Tin, Sau Mau Ping and Po Tat.

- The South Island Line (West) will be a 7.4 kilometre line that connects the South Island Line with the Island Line, serving the western and southern parts of the Hong Kong Island. It will extend railway coverage to new catchment areas in Aberdeen, Wah Fu, Cyberport and Pok Fu Lam. This new railway line will address the growing transport demand in the western part of the Southern District, improving the overall accessibility and transport capacity as well as relieving pressure on the road network in the Pok Fu Lam area.

- The North Island Line will span approximately 5 kilometres along the northern shore of Hong Kong Island. It will be an extension of the Tung Chung Line and the Tseung Kwan O Line, with stations at Tamar, Exhibition Centre and Causeway Bay North. This new railway line will alleviate the passenger flow on the Island Line and improve east-west rail connectivity, and will help serve the harbourfront areas from Central to Causeway Bay.

The Company was invited by the Government in April, May and December 2020 to proceed with the detailed planning and design of the Tung Chung Line Extension, the Tuen Mun South Extension, and Kwu Tung Station and the Northern Link, respectively. The Government has announced that the Tung Chung Line Extension and Tuen Mun South Extension will be progressed using the ownership model. The Company awarded the design consultancies for the Tung Chung Line Extension and Tuen Mun South Extension in June and October 2020, respectively, and have proceeded with the detailed planning and design, ground investigation and environmental impact assessment work for the Tung Chung Line Extension and Tuen Mun South Extension. The Tung Chung Line Extension was gazetted under the Railways Ordinance (Cap. 519 of the Laws of Hong Kong) in December 2021, following which the Company appointed the preliminary design consultant for the Airport Railway Extended Overrun Tunnel in March 2022 and invited tenders for the first of the major civil contracts, the tunnel and station west of the existing Tung Chung Station, in May 2022. The scheme for the Tuen Mun South Extension was gazetted under the Railways Ordinance in January 2022 and authorised under the Railways Ordinance in June 2022. Construction of the Tung Chung Line Extension and Tuen Mun Extension is targeted to commence in 2023, and be completed in 2029 and 2030, respectively. For the

Northern Link project, the Company awarded the consultancy for detailed planning and design of Kwu Tung Station in April 2021 and the preliminary design consultancy for the main line and associated stations in July 2021. The scheme for Kwu Tung Station was gazetted in April 2022. Construction of the Kwu Tung Station and Northern Link main line and associated stations are targeted to commence in 2023 and 2025, for completion in 2027 and 2034, respectively.

For Hung Shui Kiu Station, the Company submitted a proposal to the Government in May 2020. In May 2021, the Company was invited by the Government to proceed with the detailed planning and design for Hung Shui Kiu Station project, and the Company awarded the preliminary design consultancy for the project in October 2021. Construction is targeted to commence in 2024 for completion in 2030. This new station, located between Tin Shui Wai and Siu Hong stations on the Tuen Ma Line, will become a significant transport facility serving the new population of the Hung Shui Kiu/Ha Tsuen New Development Area. This is the fourth RDS 2014 railway extension project (following the Tung Chung Line Extension, Tuen Mun South Extension – which will become the Tuen Ma Line Extension in the future – as well as Kwu Tung Station and the Northern Link) that the Government has asked the Company to take forward under the ownership investment model.

The Company is still in various stages of discussion with the Government, and has yet to enter into projects agreements for the Tung Chung Line Extension, Tuen Mun South Extension, Northern Link and Hung Shui Kiu Station projects. The Government has announced its intention to proceed with certain of these projects using the ownership approach. Different funding models, including the Rail plus Property model, may be deployed to ensure commercial returns on the Company's investments.

Project proposals for the East Kowloon Line, North Island Line and South Island Line (West) were also submitted. As these projects will encounter technical challenges in the alignment and surrounding interfaces, the Company has been working closely with the Government to address their comments and is preparing supplementary information for alternative schemes for the Government as requested.

During the Policy Address in October 2021, the Chief Executive announced plans for the Northern Metropolis Development Strategy, an initiative designed to foster the city's future urban and economic development through enhanced railway networks and more extensive connectivity with the Greater Bay Area. Railway projects include:

- Constructing the Hong Kong-Shenzhen Western Rail Link to connect the Hung Shui Kiu/Ha Tsuen New Development Area and Qianhai in Shenzhen;

- Extending the Northern Link northwards to connect to the new Huanggang Port in Shenzhen via the Hong Kong-Shenzhen Innovation and Technology Park in the Lok Ma Chau Loop, a project that will be known as the Northern Link Spur Line;

- Extending the East Rail Line to Luohu in Shenzhen;

- Extending the Northern Link eastwards from Kwu Tung Station to connect with Lo Wu, Man Kam To and Heung Yuen Wai as well as further southwards to Fanling; and

- Examining the feasibility of constructing an automated people-mover system from Tsim Bei Tsui to Pak Nai.

Among these five projects, the Company has already commenced a study on the Northern Link Spur Line after receiving an invitation from the Government in early 2021. A technical proposal has been submitted to the Government. The Government has also invited the Company to study the construction of a new Science Park/Pak Shek Kok Station on the East Rail Line at the current site of The Hong Kong Education University Sports Centre at Pak Shek Kok, as well as the use of the station site and its adjoining land to provide more residential units and auxiliary facilities. A consultant has been appointed to carry out the technical study.

As at 30th June 2022, included in deferred expenditure in the consolidated statement of financial position are costs incurred of HK$1.8 billion in relation to certain projects with the Government which the project agreements are yet to be reached. The future development of the respective projects is expected to bring future economic benefits to the Group. In the event that in a future period it is no longer considered probable that the corresponding project agreements can be reached, and the costs concerned are no longer considered as recoverable, the costs concerned will be charged to the consolidated profit and loss account in that reporting period.

The 2020 Policy Address announced the development of the site of the Company's existing depot at Siu Ho Wan which is expected to provide a total of about 20,000 public and private residential units in the medium to long term. In order to proceed with the proposed development of the site of the Company's existing depot at Siu Ho Wan, the Company applied for a land exchange for the depot conversion and, on 23rd September 2022, the Company accepted the Government's land exchange offer in the Government's offer letter dated 24th August 2022. To cater for the transportation needs of the new community, the Company will construct a new railway station (Oyster Bay Station) at Siu Ho Wan along the existing Tung Chung Line. The railway scheme for Oyster Bay Station was published in June 2021 and was authorised by the then Secretary for Transport and Housing (the office of which is now replaced by the Secretary for Transport and Logistics) on 25th August 2021. On 23rd September 2022, the Company and the Secretary for Transport and Logistics for and on behalf of the Government entered into the project agreement for the financing, design, construction, pre-operation, operation and maintenance of the Oyster Bay Station which will be owned, operated and maintained by the Company. The Company expects to commence construction of Oyster Bay Station in the third quarter of 2023 with a view to commencing commercial operations by the end of 2030.

## Summary Financial Information

The summary financial information for the six months ended and as at 30th June 2021 and 2022 presented below is prepared based on the unaudited consolidated interim financial statements of the Group for the six months ended 30th June 2022, which is incorporated by reference in this Offering Circular.

The summary financial information for the years ended and as at 31st December 2020 and 2021 presented below is prepared based on the audited consolidated financial statements of the Group for the year ended 31st December 2021, which is incorporated by reference in this Offering Circular.

The information set out below should be read in conjunction with, and is subject to in its entirety by reference to, the relevant consolidated financial statements of the Group, including the notes thereto.

| | **Six months ended 30th June** | | **Year ended 31st December** | |
|---|---|---|---|---|
| | **2022** | **2021** | **2021** | **2020** |
| | *(in HK$ million)* | | *(in HK$ million)* | |
| Revenue | | | | |
| - Hong Kong transport operations | 5,815 | 6,004 | 13,177 | 11,896 |
| - Hong Kong station commercial businesses | 1,481 | 1,496 | 3,208 | 3,269 |
| - Hong Kong property rental and management businesses | 2,307 | 2,511 | 5,036 | 5,054 |
| - Mainland China and international railway, property rental and management subsidiaries | 13,150 | 12,050 | 25,045 | 21,428 |
| - Mainland China property development | 138 | 32 | 353 | - |
| - Other businesses | 142 | 224 | 383 | 894 |
| Total revenue | 23,033 | 22,317 | 47,202 | 42,541 |
| Operating profit before Hong Kong property development, fair value measurement of investment properties, depreciation, amortisation and variable annual payment | 3,682 | 3,931 | 8,148 | 5,181 |
| Hong Kong property development profit from share of surplus and interest in unsold properties | 9,277 | 3,654 | 11,097 | 6,491 |
| Loss from fair value measurement of investment properties | (2,389) | (1,307) | (1,616) | (9,190) |
| Operating profit before depreciation, amortisation and variable annual payment[(1)] | 10,570 | 6,278 | 17,629 | 2,482 |
| Profit/(loss) before interest, finance charges and taxation[(2)] | 7,127 | 3,962 | 12,907 | (2,516) |
| Profit/(loss) before taxation | 6,669 | 3,517 | 11,940 | (3,520) |
| Profit/(loss) for the period/year | 4,928 | 2,782 | 9,679 | (4,821) |
| Profit/(loss) attributable to shareholders of MTRCL arising from: | | | | |
| - recurrent businesses | (678) | 912 | 1,808 | (1,126) |
| - property development | 7,786 | 3,081 | 9,343 | 5,507 |
| - underlying businesses | 7,108 | 3,993 | 11,151 | 4,381 |
| - fair value measurement of investment properties | (2,376) | (1,320) | (1,599) | (9,190) |
| | 4,732 | 2,673 | 9,552 | (4,809) |

Notes:

(1) Operating profit before depreciation, amortisation, impairment loss, variable annual payment, share of profit of associates and joint ventures, interests, finance charges and taxation.

(2) Profit/(loss) before interest, finance charges and taxation and after depreciation, amortisation, impairment loss, variable annual payment and share of profit of associates and joint ventures.

## Financing

As at 30th June 2022, 74% of the Group's outstanding debt bore interest at fixed rates with the remaining 26% at floating rates. As at 30th June 2022, 100% of the Group's outstanding debt was denominated in or hedged into HK dollars, or naturally hedged by assets or cash flows from overseas businesses.

As at 30th June 2022, the Group had available undrawn committed banking facilities of HK$12,713 million (US$1,620 million equivalent[(1)]) and uncommitted debt issuance and short-term banking facilities of HK$29,643 million (US$3,778 million equivalent[(1)]). Outstanding borrowings as at 30th June 2022 were HK$38,672 million (US$4,929 million equivalent [(1)]).

Notes:

(1) US$ equivalent was translated at a rate of HK$7.8459 = US$1, being the prevailing spot rate at 30th June 2022. (Source: Bloomberg)

The projections for repayment of loans outstanding as at 30th June 2022 are shown in the following table in millions of HK$ and the US$ equivalent.

| | **As at 30th June 2022** | |
|---|---|---|
| **Borrowings** | *(HK$ million)* | *(US$ million equivalent)* |
| Repayable within one year | 5,656 | 721 |
| Repayable between one and two years | 2,457 | 313 |
| Repayable between two and five years | 7,456 | 950 |
| Repayable beyond five years | 23,103 | 2,945 |
| Total | 38,672 | 4,929 |

Notes:

(1) The ageing schedule analysis is based on the outstanding principal amounts.

(2) The HK$ amounts were translated into US$ amounts at a rate of HK$7.8459 = US$1, being the prevailing spot rates at 30th June 2022. (Source: Bloomberg)

## Property Development and Management

### *General*

Property development and management is a significant part of the Company's business, providing an important source of income that has supported the cost of construction of railway projects as well as contributing to future rail patronage from the immediate catchment areas created by property developments. The Company has become one of the largest property management companies in Hong Kong, with 115,557 residential units and over 820,000 square metres of office and commercial space under its management as at 30th June 2022.

In conjunction with its railway construction activities, the Company has been involved in the development of residential and commercial properties above and adjacent to MTR stations and depots under agreements with various property developers. Profits that the Company has received from these development ventures have been used by the Company to supplement associated railway returns, thereby contributing to an improved rate of return on the investment of constructing new railway lines.

The Company has an established track record for the planning, designing and project management of railway property developments. The Company's formula for property development is based on minimising direct risk in the development of the properties, thereby reducing the Company's exposure to the property market and its related risks.

The Government has granted the Company the development right over the land used for property developments based on a land premium assessed at full market value without regard to the presence of the railway on the sites being valued. The Company's practice in property development has been to arrange for various third-party developers to carry out the actual development works according to the Company's specifications and as agreed with the developers. Typically, the developers are responsible for all development costs (including Government land premium, construction and enabling work costs, marketing and sales expenses, professional fees, finance charges and other expenses), and have to bear all development risks. The Company derives benefit from property developments through the sharing of profits with developers in agreed proportions from the sale or lease of the properties after deducting the development costs, the sharing of assets in kind, or through lump sum payments from the developers.

***Property developments in Mainland China***

In August 2011, MTRCL's wholly-owned subsidiaries, MTR Corporation (Shenzhen) Limited and MTR Property (Shenzhen) Company Limited, won the land use right of the Shenzhen Metro Longhua Line Depot Site Lot 1 in Shenzhen. The project company, MTR Property Development (Shenzhen) Company Limited, completed the property development of the site in 2017. As at 30th June 2022, 1,694 out of a total of 1,698 residential units have been sold. TIA Mall which is the retail portion of the development held its official opening in August 2019.

In Tianjin, the Company's 49% owned associate, Tianjin TJ-Metro MTR Construction Company Limited ("TJMTR"), is involved in the property development project of the Beiyunhe Station site on Tianjin Metro Line 6. The project includes composite development of retail, office, serviced apartment and residential properties. In March 2017, a framework agreement was signed with a subsidiary of Beijing Capital Land Limited for the disposal of the Company's 49% interest in TJMTR, and the conditional future acquisition of a shopping centre to be developed on the Beiyunhe Station site. Relevant government approval was obtained for the disposal of the Company's 49% interest in TJMTR in July 2017 and the Sale and Purchase Agreement for the shopping centre was signed on 26th January 2018. Based on the construction progress, project completion is expected to be delayed from 2022 to after 2024 due to the additional works required for railway safety assurance during basement construction. The bare shell structure of the shopping centre is targeted to be completed for handover to the Company after 2024.

In the Guangdong-Hong Kong-Macao Greater Bay Area, the Company is providing technical assistance on transit-oriented development (TOD) to an associated company of Country Garden Holdings Company Limited and Foshan Shunde District Metro Company Limited.

In March 2021, the Company and its partners secured the land use right for a site south of the Hangzhou West Station for property development. This project is a mixed-use property development comprising serviced apartment, office, retail and hotel, with a total developable GFA of approximately 688,210 square metres. Site investigations, preparation of plan submission and application for consent to work commencement are all in progress.

The Company also manages self-developed and other third party properties in Mainland China, with a total managed area of approximately 406,000 square metres as at 30th June 2022.

For investment properties in Mainland China, the average occupancy rates were 63% for Ginza Mall in Beijing and 55% for the TIA Mall in Shenzhen during the first half of 2022.

## Other Activities in Hong Kong

***Octopus Holdings Limited***

Octopus Holdings Limited is a non-controlled subsidiary of the Company and is the holding company of various Octopus group companies. On 24th January 2022, the Company has acquired a total of approximately 6.6% additional shares of Octopus Holdings Limited from Citybus Limited and New World First Bus Services Limited (subsidiaries of Bravo Transport Services Limited). After the acquisition, the Company's shareholding in Octopus Holdings Limited increased from 57.4% to 64.02%. The Company currently owns 64.02% of the issued share capital of Octopus Holdings Limited, which in turn owns 100% of the issued share capital of Octopus Cards Limited, with the remaining 35.98% of the issued share capital of Octopus Holdings Limited owned by KCRC, KMB Public Bus Services Holdings Limited and Sun Ferry Services Company Limited. Although the Company holds about 64.0% of the issued shares of Octopus Holdings Limited, it cannot control Octopus Holdings Limited's activity unilaterally with its voting rights at board meetings of Octopus Holdings Limited, and none of the shareholders of Octopus Holdings Limited is able to control the board of directors of Octopus Holdings Limited unilaterally.

***Octopus Cards Limited***

Octopus Cards Limited is a non-controlled, indirect subsidiary of the Company. On 20th April 2000, Octopus Cards Limited was authorised by the HKMA as a deposit-taking company to issue contactless multi-purpose stored value cards called "Octopus cards".

On 21st October 2005, the Company and the other shareholders of Octopus Cards Limited entered into a number of agreements to adjust the arrangements relating to Octopus Cards Limited (the "Adjustments"), in order to spin off the non-payment businesses of Octopus Cards Limited into new, separate subsidiaries independent of the payment business of Octopus Cards Limited that is regulated by the HKMA.

To effect the Adjustments, a new holding company, Octopus Holdings Limited, was interposed between Octopus Cards Limited and its former shareholders to hold the entire issued share capital of each of the new companies set up in connection with the non-payment businesses of Octopus Cards Limited as well as Octopus Cards Limited. The economic substance of the relationship between the former shareholders of Octopus Cards Limited has not changed as a result of the Adjustments, other than the fact that their interests in Octopus Cards Limited have become indirect instead of direct.

Since 13th November 2016, Octopus Cards Limited is a Stored Value Facility ("SVF") Licensee under the Payment Systems and Stored Value Facilities Ordinance ("PSSVFO") (Cap. 584 of the Laws of Hong Kong) and regulated by the HKMA. The regime aims to foster the development of SVF in Hong Kong and maintain the status of Hong Kong as an international financial centre and FinTech hub by providing a level playing field for market participants.

***Other Activities***

The Company derives revenue from advertising space in its stations and trains, from the provision of tunnel and station space to support the telecommunication network of fixed and mobile operators, from the leasing of retail space in its stations and car parking facilities at certain MTR stations and from the wholesaling of managed fibre, bandwidth and related services.

## Mainland China & International Business

***Mainland China Projects***

*Shenzhen*

On 18th March 2009, MTR Corporation (Shenzhen) Limited ("MTR Shenzhen"), a wholly-owned subsidiary of the Company, signed a Concession Agreement with the Shenzhen Municipal People's Government ("Shenzhen Government") under which MTR Shenzhen has the right to construct Phase 2 of Line 4 of the Shenzhen metro system, as well as to lease the facilities of Phase 1 of Line 4 so as to operate the whole of Line 4 for a term of 30 years. Line 4 is a 20.5 kilometre double-track urban railway with 15 stations, and connects Futian Checkpoint, at the boundary between Hong Kong and Shenzhen, with Longhua New Town in Shenzhen. MTR Shenzhen took over the operation of Phase 1 on 1st July 2010 and Phase 2 of Line 4 commenced service on 16th June 2011. The entire Line 4 of the Shenzhen metro system is currently operated by MTR Shenzhen for a term of 30 years from 16th June 2011, after which the lease of Phase 1 of Line 4 will terminate and ownership of Phase 2 of Line 4 will revert to the Shenzhen Government. In July 2020, the Shenzhen Government announced that a fare adjustment framework for the Shenzhen Metro network would come into effect on 1st January 2021. The framework was expected to enable the establishment of a mechanism for fare-setting and the implementation procedures for fare adjustments. Up to 30th June 2022, there has been no increase in Line 4's fares whilst the operating costs continue to rise. If a suitable fare increase and adjustment mechanism are not implemented soon, the long-term financial viability of this line will be impacted. As it is anticipated that the mechanism and procedures for fare adjustments will take longer time to implement and patronage will remain at a lower level for a period of time, an impairment test was performed for Shenzhen Metro Line 4, which carried a book value of HK$4,589 million, and the corresponding recoverable amount was determined at HK$3,627 million as at 30th June 2022. As such, an impairment provision of HK$962 million was recognised for the Shenzhen Metro Line 4 service concession assets in the consolidated profit and loss account for the six months ended 30th June 2022. The recoverable amount tested for impairment has been determined based on a value in use calculation covering the remaining services concession period. An estimated pre-tax discount rate of 9.2% was used in estimating Shenzhen Metro Line 4's value in use.

In January 2014, the Company signed a Strategic Cooperation Framework Agreement with the Longhua New District Administration Commission for the North Extension of Shenzhen Metro Longhua Line. Under the framework agreement, MTR will offer advice and technical support for the construction of the North Extension. The project feasibility study report was completed in the first half of 2015. Later on 26th August 2016, MTR Consulting (Shenzhen) Limited was entrusted by Shenzhen Railway Development Office as project manager for Line 4 North Extension. The Company signed the operations and maintenance ("O&M") agreement for the Line 4 North Extension in 2020, and the extension formally opened on 28th October 2020.

In Shenzhen, we submitted a bid for two railway services, Shenzhen Metro Line 12 and Shenzhen Metro Line 13 ("SZL13"). We announced on 3rd August 2020 that the consortium led by our wholly owned subsidiary was awarded the tender for SZL13 Public-Private-Partnership ("PPP") project. The project includes the investment in, construction of, and operations and maintenance of SZL13 for 30 years after completion. The contract was formally signed in October 2020.

The PPP project will be undertaken by a joint venture company in which our wholly owned subsidiary will have an effective interest of 83%. The PPP project covers track laying, rolling stock and electrical and mechanical systems, including the signalling system and the automated fare collection system, with a total capital cost of approximately RMB4.91 billion to be financed by both debt and equity. The 22.4-km SZL13 includes 16 stations. During 2021, work on SZL13 included the awarding of signalling and rolling stock contracts. As at 30th June 2022, construction of SZL13 continued to progress with key contracts awarded.

*Beijing*
On 16th January 2006, MTR Beijing Line 4 Investment Company Limited ("MTR Beijing"), a wholly-owned subsidiary of the Company, along with two partners, Beijing Infrastructure Investment Co. Ltd. ("BIIC"), an entity wholly-owned by the Beijing Municipal People's Government ("Beijing Government"), and Beijing Capital Group ("BCG"), an entity controlled by the Beijing Government, formed a co-operative joint venture for a Public-Private Partnership for the construction and operation of the Beijing Metro Line 4, a 28-kilometre underground metro line which is the main north-south traffic line of Beijing City. On 12th April 2006, the joint venture company, Beijing MTR Corporation Limited ("BJMTR"), signed the Concession Agreement for the Beijing Metro Line 4 with the Beijing Government. The Beijing Metro Line 4 commenced its services to the public on 28th September 2009.

The Concession Agreement has a term of 30 years, after which ownership of the Beijing Metro Line 4 will revert to the Beijing Government. The Company, through MTR Beijing, and BCG each owns 49% of BJMTR, with BIIC holding the remaining 2%.

On 30th December 2009, BJMTR signed the O&M Concession Agreement with Beijing Metro Daxing Line Investment Company Limited, a wholly-owned subsidiary of the Beijing Government for the operation and maintenance of the Daxing Line of the Beijing Metro Network. The concession covers a period of 10 years and is renewable for further terms of 10 years each until the expiry of the concession period for the Beijing Metro Line 4. The Beijing Government inclined to turn the current

O&M mode into PPP mode in 2020. To facilitate the commercial negotiation, the O&M agreement was extended for another 2 years to end of 2022. In June 2022, the Beijing Government decided that the Daxing Line should keep on with O&M mode and proposed to align the expiry date of the second O&M agreement with the Concession Agreement for the Beijing Metro Line 4, being 27th September 2039. Preparation for signing the O&M extension agreement is on-going. The 22-kilometre, 11-station Daxing Line is an extension of the Beijing Metro Line 4 from Gongyixiqiao Station, extending southward to Tiangongyuan Station. The line commenced service on 30th December 2010.

The civil construction of the Beijing Metro Line 14 ("BJL14"), which started in 2010, is being undertaken by the Beijing Infrastructure Investment Corporation Limited. Under a PPP arrangement, BJMTR is responsible for the electrical and mechanical systems as well as the rolling stock, etc. This part takes up about 30% of the project's capital cost and amounts to about RMB15 billion. As part of the Concession Agreement, BJMTR will operate the line for a term of 30 years.

In May 2013, the 12.4-kilometre Phase 1 of BJL14 opened. The 14.8-kilometre Phase 2 of BJL14 opened in December 2014. The 16.6-kilometre Phase 3 of BJL14 opened in December 2015. The final section of BJL14 opened on 31st December 2021. The full line of BJL14 is now in service.

On 28th November 2015, Beijing MTR Line 16 Corporation Limited ("BJMTR Line 16"), which is an entity wholly-owned by BJMTR, entered into a Concession Agreement for the construction and operation of Beijing Metro Line 16 ("BJL16"). The line will run 49.8 kilometres from Beianhe Station to Wanpingcheng Station, encompassing 29 stations. Under the approximately RMB50.5 billion PPP project arrangement, BJMTR Line 16 would be responsible for the provision of electrical and mechanical ("E&M") systems as well as rolling stock, which takes up about 30% or approximately RMB15 billion of the project's capital cost. BJMTR Line 16 would also undertake the operations and maintenance of BJL16 for a term of 30 years. Operation of the first phase, the 19.6-kilometre Northern Section, began on 31st December 2016. The Middle Section of BJL16 opened on 31st December 2020 and the full-line of BJL16 is expected to open by 2023.

In December 2019, the Company's associate (Beijing MTR or BJMTR) was awarded the 49.7-kilometre Beijing Metro Line 17 ("BJL17") O&M concession. BJL17 will have 21 stations and serve the east of Beijing. BJL17 will be opened in phases, and the initial section of the line opened on 31st December 2021. BJMTR will lease the rolling stock over a 20-year period, with lease payments to be made in instalments after the opening of each phase.

*Hangzhou*

On 4th March 2010, MTR Hangzhou Line 1 Investment Company Limited, a wholly-owned subsidiary of the Company, together with a subsidiary of Hangzhou Metro Group Company Limited, entered into a Concession Agreement with the Hangzhou Municipal Government for a PPP for the investment, construction and operations of the Hangzhou Metro Line 1 ("HZL1") for a term of 25 years. The Concession Agreement was approved by the relevant authorities in Mainland China in August 2012.

The original 48-kilometre HZL1 consisted of a 41-kilometre underground section and 7 kilometres of at-grade and elevated sections, with a total of 31 stations running from the south to the north of

Hangzhou city and to Xiasha, Linping and Jiangnan. HZL1 is the first metro line of Hangzhou city. The line commenced service in November 2012. In November 2015, a 5.6-kilometre 3 station extension of HZL1 commenced passenger service. The HZL1 Phase 3 (Airport Extension) formally opened at the end of December 2020. Both the extension and Phase 3 are under an O&M agreement ending with HZL1 Concession. In order for Hangzhou Metro Line 9 (north section, south section and Linping Section) to operate as a whole line under Hangzhou Metro Group (HZMG), the O&M of Linping Section is entrusted to HZMG by Hangzhou MTR Corporation Limited (HZMTR). Since 10th July 2021, Linping Section of HZL1 (Coach Center Station – Linping Station) has been detached from HZL1 and become a part of the Hangzhou Metro Line 9. The transfer of the facilities in Linping Section has been completed by HZMG and HZMTR according to the O&M agreement. The Memorandum for the Linping Section transfer was signed on 9th July 2021 with HZMG. The HZL1 full line is 52.4 kilometres long with 33 stations.

The Concession Agreement for Hangzhou Metro Line 5 ("HZL5"), another PPP project, was signed by the Company with the Hangzhou Municipal Government and Hangzhou Metro Group on 26th June 2017. The Company's 60% joint venture company's responsibilities under the PPP contract relate to the provision of trains and E&M systems (including signalling and other systems), architectural finishes, as well as subsequent operations, assets maintenance and renewals. The civil works, such as construction of stations and tunnels, were undertaken by Hangzhou Metro Group. The HZL5 is an underground metro line running from Gunianqiao Station in Xiaoshan District to Lvting Road Station in Yuhang District, with a total of 38 stations. The HZL5 West Extension, which is out of the PPP scope and is under an O&M agreement with HZMG, includes Jinxing Station and LaoYuhang station. The Company will operate HZL5 for a term of 25 years. Currently, the HZL5 and HZL5 West Extension are 56.2 kilometres long with 39 stations in operation.

In June 2019, the initial section of the line went into service and received a positive response from passengers. The HZL5 achieved full line opening in April 2020. The latter section of HZL5 added 27 new stations to the 12 stations in the initial section of HZL5 that opened in June 2019. HZL5's Baoshanqiao Station opened on 1st April 2022, and Lao Yuhang Station is under construction and will be opened by early 2024.

*Chengdu*

A Letter of Intent (LoI) was signed on 14th January 2020 in which the Company was invited by Chengdu Rail Transit Group to joint-venture with them on station retail businesses. A joint-venture company with Chengdu Rail Transit Group was set up on 28th June 2020 for exploring and developing station commercial and related businesses in Chengdu.

***Macao***

On 11th April 2018, MTR Railway Operations (Macau) Company Limited ("MTR (Macau)"), a wholly-owned subsidiary of the Company, was awarded an MOP 5.88 billion (HK$5.71 billion) contract for the operations and maintenance of Macao Light Rapid Transit Taipa Line (the "Taipa Line"). The contract covered the line's testing and commissioning activities, operation of train services, as well as the maintenance of trains, the signalling system and other infrastructure. Commencing service on

10th December 2019, the 9.3-km line now connects 11 stations from the Taipa Ferry Terminal Station to Ocean Station.

Train services of the Taipa Line was suspended temporarily for six months on 20th October 2021 to facilitate the replacement of high-voltage cables by the responsible third-party. Train service was resumed on 3rd April 2022.

The Company is also providing project management and technical support services for the Taipa Line Extension to Barra, Seac Pai Van Line and Hengqin Line.

***International Projects***

*London*

In July 2014, MTR Corporation (Crossrail) Limited, a wholly owned subsidiary of the Company, signed a concession agreement with Transport for London ("TfL") to operate the London Crossrail train service for an eight-year period with a two-year extension option. The cost based operating concession, which is overseen by TfL, will receive an amount of £1.4 billion over the eight-year lifetime of the concession agreement (excluding the two-year extension option). Crossrail is a new 128-km railway that will serve 41 stations, which will link the suburban elements of the Great Eastern and Great Western mainlines with a new tunnel section through central London.

MTR Corporation (Crossrail) Limited ("MTR Elizabeth line") operates the Crossrail operating concession initially under the "TfL Rail" brand name. The TfL Rail service, later renamed as Elizabeth line after Central Operating Section opened for service, serves 41 stations (of which 28 stations are managed by MTR Elizabeth line) in total with 128 kilometres of route length. The Crossrail concession comprises of stages of openings before it reaches its full operations. The service between Liverpool Street Station and Shenfield has been in operation since May 2015, while the service from Paddington Station to Heathrow Airport commenced operation in May 2018. In December 2019, service commenced between Paddington Station and Reading. The Central Operating Section of the Elizabeth line opened on 24th May 2022.

The Company has also, as a minority 30% shareholder of First MTR South Western Trains Limited ("SWR"), partnered with FirstGroup plc on the South Western Railway franchise, a 998-kilometre rail network serving 210 stations which provides commuter, inter-urban, regional and long-distance services to passengers in London and South western England. The franchise commenced in August 2017 for seven years, with an option for an eleven-month extension at the discretion of the DfT. The financial performance of this franchise continued to suffer for a number of reasons, and in 2019 a provision of HK$436 million representing our share of the maximum potential loss under the franchise agreement was made. South Western Railway was temporarily transitioned into an Emergency Measures Agreement and subsequently the Emergency Recovery Measures Agreement ("ERMA") since March 2020 due to impact of the COVID-19 pandemic. As required under the ERMA, SWR has agreed with DfT the termination sum required to terminate the pre-existing franchise agreement. Such termination sum has fallen due at the end of the ERMA term (in place up to 29th May 2021), at which point the pre-existing franchise contract was terminated by agreement. In 2021, the Company signed a National Rail Contract for a two-year term that will last till May 2023. Under this agreement, the DfT retains all revenue risk and substantially all cost risk.

*Stockholm*
On 20th January 2009, the Group was awarded the concession to operate Sweden's Stockholm Metro for eight years beginning 2nd November 2009. On 8th September 2015, the concession was extended by the Swedish authority for another six years from November 2017 to November 2023. In December 2021, MTR Tunnelbanan AB was awarded an extension of the contract for another 18-24 months from November 2023. The concession includes train and station operations as well as rolling stock maintenance (which is undertaken by a subsidiary of the Company, MTR Tech AB). Stockholm Metro links the Swedish capital's central areas with surrounding suburbs.

On 15th February 2016, the Group acquired the remaining 50% interest in Tunnelbanan Teknik Stockholm AB ("TBT"), a 50:50 joint venture established initially between the Group and Mantena AS, being the seller of the 50% interest in TBT, at a consideration of SEK195 million. The consideration is paid in annual instalments from 2016 to 2024. TBT became a wholly owned subsidiary of the Group subsequent to the completion of the acquisition and was renamed MTR Tech AB. This acquisition has not only brought rolling stock maintenance for the metro network in Stockholm fully under the management of the Group but also enable other future business opportunities related to rolling stock maintenance.

In December 2015, the Stockholm County Council awarded the Group the concession rights to operate and maintain the Stockholm Commuter Rail Systems (Stockholms pendeltåg) for ten years, with an option to extend for four more years. Stockholms pendeltåg serves the greater Stockholm area, with 54 stations served and a total route length of 247 kilometres. The concession commenced in December 2016. On 30th August 2019, the Group acquired the remaining 50% ownership interest in Emtrain AB ("Emtrain"), the 50:50 joint venture company that performs the maintenance services to the Stockholm pendeltåg, from the joint venture partner EuroMaint Rail AB. Emtrain was at the same time transferred from under MTR pendeltågen to MTR Tech AB.

Emtrain has since become a 100 percent subsidiary of MTR Tech AB.

In December 2020, our subsidiary was awarded the O&M concession for Mälartåg train service for eight years, with the possibility of a one-year extension. The Mälartåg connects Stockholm with major towns and cities including Linköping in the south, Uppsala in the north and Örebro in the west. The Company took over the Upptåget lines as part of Mälartåg regional traffic from 12th June 2022.

*Sweden MTRX (formerly known as "MTR Express")*
MTRX intercity service operates between Stockholm and Gothenburg. MTRX intercity service is operated by MTR Express (Sweden) AB, a wholly-owned subsidiary of the Company. Full services started in August 2015 and service was expanded to 110 trains per week in March 2018. The service is based on an open-access model of the track between Stockholm and Gothenburg that MTR Express

(Sweden) AB applies for path access and pays for the usage of the tracks on equal terms as other operators. MTR Express (Sweden) AB has full commercial freedom in fare setting and at the same time bears full revenue and cost responsibility.

*Melbourne*

On 31st August 2009, Metro Trains Melbourne Pty Ltd ("MTM") was awarded the franchise to operate and maintain the Melbourne train system for an initial period of eight years starting on 30th November 2009. From 9th December 2016 onwards, MTM is wholly-owned by Metro Trains Australia Pty Ltd ("MTA"), a joint venture company which is 60% owned by MTR Australia Investment Holdings (Hong Kong) Limited, 20% owned by UGL Rail Services and 20% owned by John Holland. The Government of the State of Victoria renewed the franchise for another seven years from November 2017 (with options to extend for a maximum of three years). The Melbourne metropolitan train network spans 15 lines with a total of 222 stations and covers 432 kilometres. MTM continues its role as the Melbourne Metro franchise operator while supporting the State Government in its infrastructure projects.

*Sydney*

On 16th September 2014, the New South Wales Government in Australia formally awarded to the Northwest Rapid Transit ("NRT") consortium the Operations, Trains and Systems contract for the Sydney Metro Northwest ("SMNW"). The SMNW project is a PPP contract that includes design, construction, financing, operation and maintenance of a new 36-kilometre high capacity rapid transit rail line between Chatswood and Tallawong. MTR's equity contribution to the SMNW project is approximately AU$90.5 million. The Company's partners in the consortium include CDPQ, Marubeni Corporation, CIMIC Group and Plenary Group. Operated under Metro Trains Sydney Pty Ltd ("MTS"), a 60% owned subsidiary of the Company, the 36-km SMNW line includes eight new metro stations and five existing stations upgraded to metro standards. SMNW opened to public for passenger service on 26th May 2019, marking a new era in passenger rail travel in Australia.

In November 2019, the NRT consortium reached an agreement with the New South Wales Government to conclude the contract for the extension to the existing NRT PPP with Sydney Metro. The NRT PPP contract package includes new metro trains and core rail systems as well as the operations and maintenance component for NRT to operate the combined Metro North West and City and Southwest lines until 2034. The Company will invest in the project and take the lead in the NRT PPP project works and railway operations and maintenance of both the City and Southwest Line and the Metro North West Line as a combined single line from 2024. An AU$2.7 billion financing package was closed in November 2019 for the SMNW project and SMCSW project.

***Consultancy***

Since 1998, the Company has been involved in consultancy contracts in Hong Kong as well as in various overseas cities. For example, in Hong Kong, the Airport Authority has contracted the Company to maintain the automated people mover at the Hong Kong International Airport since 2002. The maintenance service was extended for a further seven-year period ending in 2028. In Macao, the Company has been providing technical support services for the Macao Light Rapid Transit project to the Government of the Macao Special Administrative Region since October 2015.

## Board and Management

The management of the Company's business is vested in the Board. The Board has delegated the day-to-day management of the Company's business to the Executive Committee but the Board has reserved certain powers to itself. The members of the Executive Committee are senior full-time employees of the Company.

The present members of the Board and the present members of the Executive Committee are as follows:

***Members of the Board***

Dr Rex Auyeung Pak-kuen (non-executive Chairman)

Dr Jacob Kam Chak-pui (Chief Executive Officer)

Andrew Clifford Winawer Brandler (independent non-executive Director)

Dr Bunny Chan Chung-bun (independent non-executive Director)

Walter Chan Kar-lok (independent non-executive Director)

Dr Pamela Chan Wong Shui (independent non-executive Director)

Dr Dorothy Chan Yuen Tak-fai (independent non-executive Director)

Cheng Yan-kee (independent non-executive Director)

Hui Siu-wai (independent non-executive Director)

Sunny Lee Wai-kwong (independent non-executive Director)

Dr Rose Lee Wai-mun (independent non-executive Director)

Jimmy Ng Wing-ka (independent non-executive Director)

Carlson Tong (independent non-executive Director)

Adrian Wong Koon-man (independent non-executive Director)

Johannes Zhou Yuan (independent non-executive Director)

Christopher Hui Ching-yu, Secretary for Financial Services and the Treasury, Government (non-executive Director)

Secretary for Transport and Logistics, Government (being Lam Sai-hung) (non-executive Director)

Permanent Secretary for Development (Works), Government (being Ricky Lau Chun-kit) (non-executive Director)

Commissioner for Transport, Government (being Rosanna Law Shuk-pui) (non-executive Director)

Pursuant to Section 8 of the Mass Transit Railway Ordinance, the Chief Executive of Hong Kong has the power to appoint up to three persons as "additional directors" of the Company. The offices of the Secretary for Transport and Logistics (currently held by Lam Sai-hung), the Permanent Secretary for Development (Works) (currently held by Ricky Lau Chun-kit) and the Commissioner for Transport (currently held by Rosanna Law Shuk-pui) have been appointed as "additional directors".

***Members of the Executive Committee***
The Executive Committee comprises all members of the Executive Directorate:

Dr Jacob Kam Chak-pui, Chief Executive Officer

Adi Lau Tin-shing, Managing Director – Mainland China Business and Global Operations Standards

Margaret Cheng Wai-ching, Human Resources Director

Linda Choy Siu-min, Corporate Affairs and Branding Director

Carl Michael Devlin, Capital Works Director

Herbert Hui Leung-wah, Finance Director

Dr Tony Lee Kar-yun, Operations Director

Gillian Elizabeth Meller, Legal and Governance Director

David Tang Chi-fai, Property and International Business Director

Jeny Yeung Mei-chun, Hong Kong Transport Services Director

# MTR Corporation (C.I.) Limited

## General Information

MTR Cayman is an exempted company with limited liability organised under the laws of the Cayman Islands and incorporated pursuant to the Companies Act of the Cayman Islands on 30th October 2000 for an unlimited period and is a wholly-owned subsidiary of MTRCL. MTR Cayman is a special purpose financing vehicle whose sole purpose and activity is the issuing of debt securities, the net proceeds of which are on-lent to MTRCL. MTR Cayman does not sell any products or provide any services.

## Board and Management

The management of MTR Cayman is vested in its Board of Directors ("MTR Cayman Board"), which comprises:

Herbert Hui Leung-wah, Director, Joint Chief Executive Officer, Finance Director and Chief Financial Officer

Gillian Elizabeth Meller, Director, Joint Chief Executive Officer and Secretary

Pang Hoi-hing, Director, Financial Controller and Treasurer

None of the members of the MTR Cayman Board has any shares, options or other beneficial interests in the shares of MTR Cayman.

Both Ms Gillian Elizabeth Meller and Mr Herbert Hui Leung-wah are members of the Executive Committee of MTRCL. Mr Pang Hoi-hing is Treasurer of MTRCL. The business address of each of the members of the MTR Cayman Board and the Secretary of MTR Cayman is MTR Headquarters Building, Telford Plaza, Kowloon Bay, Kowloon, Hong Kong.

## Capitalisation and Indebtedness

MTR Cayman has an authorised share capital of US$50,000, comprising 50,000 shares of US$1 par value each. Its issued share capital as at 31st December 2021 was US$1,000, consisting of 1,000 shares of US$1 each. MTR Cayman had outstanding borrowings of HK$18 billion as at 31st December 2021. All the borrowings were the subject of an unconditional and irrevocable guarantee by MTRCL and were unsecured. As at 31st December 2021 there were no contingent liabilities and guarantees. MTR Cayman has not issued any notes but has made repayments of notes of an aggregate amount of HK$800 million for the period between 1st January 2022 and 30th June 2022. For the period between 1st July 2022 and 30th September 2022, MTR Cayman has not issued and made repayment of any notes.

Save as mentioned above, MTR Cayman has undertaken no business activities since the date of its incorporation, other than those incidental to its incorporation and establishment as a subsidiary of MTRCL. Save as mentioned above, there has been no material change to the capitalisation and indebtedness or contingent liabilities and guarantees of MTR Cayman since 31st December 2021.

## Cayman Islands Data Protection

The Issuer has certain duties under the Data Protection Act (As Revised) of the Cayman Islands (the "DPA") based on internationally accepted principles of data privacy.

Prospective investors should note that, by virtue of making investments in the Notes and the associated interactions with the Issuer and its affiliates and/or delegates, or by virtue of providing the Issuer with personal information on individuals connected with the investor (for example directors, trustees, employees, representatives, shareholders, investors, clients, beneficial owners or agents) such individuals will be providing the Issuer and its affiliates and/or delegates with certain personal information which constitutes personal data within the meaning of the DPA. The Issuer shall act as a data controller in respect of this personal data and its affiliates and/or delegates may act as data processors (or data controllers in their own right in some circumstances).

By investing in the Notes, the Noteholders shall be deemed to acknowledge that they have read in detail and understood the Privacy Notice set out below and that such Privacy Notice provides an outline of their data protection rights and obligations as they relate to the investment in the Notes. The Notes in most cases will be held in global form in the clearing system and the Noteholders in such cases would be the nominee of the common depository.

Oversight of the DPA is the responsibility of the Ombudsman's office of the Cayman Islands. Breach of the DPA by the Issuer could lead to enforcement action by the Ombudsman, including the imposition of remediation orders, monetary penalties or referral for criminal prosecution.

***Privacy Notice***

*Introduction*
The purpose of this notice is to provide Noteholders with information on the Issuer's use of their personal data in accordance with the DPA.

In the following discussion, "Issuer" refers to MTR Cayman and its affiliates and/or delegates, except where the context requires otherwise.

*Investor Data*
By virtue of making an investment in the Issuer and a Noteholder's associated interactions with the Issuer (including any subscription (whether past, present of future), including the recording of electronic communications or phone calls where applicable) or by virtue of a Noteholder otherwise

providing the Issuer with personal information on individuals connected with the Noteholder as an investor (for example directors, trustees, employees, representatives, shareholders, investors, clients, beneficial owners or agents), the Noteholder will provide the Issuer with certain personal information which constitutes personal data within the meaning of the DPA ("Investor Data"). The Issuer may also obtain Investor Data from other public sources. Investor Data includes, without limitation, the following information relating to a Noteholder and/or any individuals connected with a Noteholder as an investor: name, residential address, email address, contact details, corporate contact information, signature, nationality, place of birth, date of birth, tax identification, credit history, correspondence records, passport number, bank account details, source of funds details and details relating to the Noteholder's investment activity.

In the Issuer's use of Investor Data, the Issuer will be characterised as a "data controller" for the purposes of the DPA. The Issuer's affiliates and delegates may act as "data processors" for the purposes of the DPA.

*Who this Affects*

If a Noteholder is a natural person, this will affect such Noteholder directly. If a Noteholder is a corporate investor (including, for these purposes, legal arrangements such as trusts or exempted limited partnerships) that provides the Issuer with Investor Data on individuals connected to such Noteholder for any reason in relation to such Noteholder's investment with the Issuer, this will be relevant for those individuals and such Noteholder should transmit the content of this Privacy Notice to such individuals or otherwise advise them of its content.

*How the Issuer May Use a Noteholder's Personal Data*

The Issuer, as the data controller, may collect, store and use Investor Data for lawful purposes, including, in particular:

(i) where this is necessary for the performance of the Issuer's rights and obligations under any subscription agreements or purchase agreements;

(ii) where this is necessary for compliance with a legal and regulatory obligation to which the Issuer is subject (such as compliance with anti-money laundering and FATCA/CRS requirements); and/or

(iii) where this is necessary for the purposes of the Issuer's legitimate interests and such interests are not overridden by the Noteholder's interests, fundamental rights or freedoms.

Should the Issuer wish to use Investor Data for other specific purposes (including, if applicable, any purpose that requires a Noteholder's consent), the Issuer will contact the applicable Noteholders.

*Why the Issuer May Transfer a Noteholder's Personal Data*

In certain circumstances the Issuer and/or its authorised affiliates or delegates may be legally obliged to share Investor Data and other information with respect to a Noteholder's interest in the Issuer with the relevant regulatory authorities such as the Cayman Islands Monetary Authority or the Tax Information Authority. They, in turn, may exchange this information with foreign authorities, including tax authorities.

The Issuer anticipates disclosing Investor Data to others who provide services to the Issuer and their respective affiliates (which may include certain entities located outside the Cayman Islands or the European Economic Area), who will process a Noteholder's personal data on the Issuer's behalf.

*The Data Protection Measures the Issuer Takes*

Any transfer of Investor Data by the Issuer or its duly authorised affiliates and/or delegates outside of the Cayman Islands shall be in accordance with the requirements of the DPA.

The Issuer and its duly authorised affiliates and/or delegates shall apply appropriate technical and organisational information security measures designed to protect against unauthorised or unlawful processing of Investor Data, and against accidental loss or destruction of, or damage to, Investor Data.

The Issuer shall notify a Noteholder of any Investor Data breach that is reasonably likely to result in a risk to the interests, fundamental rights or freedoms of either such Noteholder or those data subjects to whom the relevant Investor Data relates.

# Capitalisation and Indebtedness

## MTR Corporation Limited

The following table shows the consolidated capitalisation and indebtedness of the "Group" derived from the unaudited interim consolidated financial statements as at 30th June 2022:

| | **As at 30th June 2022** |
|---|---|
| | *(HK$ million)* |
| **Short-Term Debt, including current portion of long-term debt** | |
| Loans in Hong Kong dollars, current portion | 3,347 |
| Loans in other currencies, current portion(1) | 277 |
| Debt Issuance Programme Notes due in 12 months | 2,032 |
| **Total short-term debt(2)(5)** | 5,656 |
| **Long-Term Debt, less current portion** | |
| Loans in Hong Kong dollars | - |
| Loans in other currencies(1) | 1,674 |
| Debt Issuance Programme Notes due over 12 months | 31,342 |
| **Total long-term debt(2)(5)** | 33,016 |
| Sub-total | 38,672 |
| Unamortised discount/premium/finance charges outstanding | (256) |
| Adjustment due to fair value change of financial instruments(6) | (724) |
| **Total carrying amount of debt** | 37,692 |
| Lease obligations(7) | 1,596 |
| **Total debt and other obligations** | 39,288 |
| **Equity** | |
| Share Capital 6,193,462,514 ordinary shares issued and fully paid(8)(9) | 60,188 |
| Shares held for Executive Share Incentive Scheme | (268) |
| Fixed Assets Revaluation Reserve | 3,760 |
| Hedging Reserve | 316 |
| Employee Share-based Capital Reserve | 94 |
| Exchange Reserve | (522) |
| Retained Profits(9) | 113,850 |
| Total equity attributable to shareholders of MTRCL | 177,418 |
| Non-controlling interests | 510 |
| **Total Equity** | 177,928 |
| **Total Capitalisation and Indebtedness(10)** | 217,216 |

Notes:

(1) Major foreign currency debts were translated at the corresponding exchange rates for the foreign exchange contracts or currency swaps entered into by MTRCL, or the spot rates prevailing on 30th June 2022. The weighted averages of the foreign exchange contracts and currency swaps and the spot rates prevailing on 30th June 2022 were: HK$7.7582 = US$1; HK$6.2201 = AU$1; HK$1.1761 = RMB1; and HK$0.079148 = JPY1.

(2) All short-term and long-term debts of MTRCL are unsecured. All borrowings by MTR Cayman are subject to an unconditional and irrevocable guarantee by MTRCL.

(3) The consolidated capitalisation and indebtedness table of the Group does not include the capital of an associate, Octopus Holdings Limited and its subsidiaries ("OHL Group"), as MTRCL does not have effective control over the boards of the OHL Group.

(4) There has been no material change to contingent liabilities or guarantees outstanding as at 30th June 2022 compared with 31st December 2021.

(5) During the period between 1st July 2022 and 30th September 2022, the Group made a net loan drawdown of approximately HK$2,305 million.

(6) Being the change in fair value of derivative financial instruments recognised in accordance with the Hong Kong Financial Reporting Standard 9, "Financial Instruments".

(7) Lease obligations translate at spot rates prevailing on 30th June 2022 were: HK$7.8459 = US$1 and HK$0.7670 = SEK1.

(8) The 2021 final ordinary dividend of HK$1.02 per share proposed and approved before 30th June 2022 has been recognised as liabilities as at 30th June 2022 and was paid on 19th July 2022. The new shares allotted in respect of scrip dividend amounted to HK$246 million.

(9) The 2022 interim ordinary dividend of HK$0.42 per share declared after 30th June 2022 has not been recognised as liabilities as at 30th June 2022 and was paid on 14th October 2022. The new shares allotted in respect of scrip dividend amounted to HK$113 million.

(10) Save as disclosed in paragraphs (5), (8) and (9) above, there has been no material change to the capitalisation and indebtedness of the Group since 30th June 2022.

# Form of Pricing Supplement

*Set out below is the Form of Pricing Supplement which will be completed for each Tranche of Notes issued under the Programme.*

[This document is for distribution to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of the Securities on The Stock Exchange of Hong Kong Limited (the "SEHK")) ("Professional Investors") only.

***Notice to Hong Kong investors:*** The Issuer [and the Guarantor] confirm(s) that the Notes are intended for purchase by Professional Investors only and the Notes will be listed on the Hong Kong Stock Exchange on that basis. Accordingly, the Issuer [and the Guarantor] confirm(s) that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

**The SEHK has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Programme and the Notes on the SEHK is not to be taken as an indication of the commercial merits or credit quality of the Programme, the Notes or the Issuer [and the Guarantor] or the Group or quality of disclosure in this document.** Hong Kong Exchanges and Clearing Limited and the SEHK take no responsibility for the contents of this document, 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 document.

This document includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer [and the Guarantor] and the Group. The Issuer [and the Guarantor] accept(s) full responsibility for the accuracy of the information contained in this document and confirm(s), having made all reasonable enquiries, that to the best of [its] [their] knowledge and belief there are no other facts the omission of which would make any statement herein misleading.]*

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "Prospectus Regulation").

Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**PROHIBITION OF SALES TO UK RETAIL INVESTORS –** The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("UK"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("EUWA"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "FSMA") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (as amended, the "UK PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

[**MiFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]**

[**UK MiFIR PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("UK MiFIR"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "UK MiFIR Product Governance Rules") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]***

[**Notification under Section 309B(1)(c) of the Securities and Futures Act 2001 of Singapore (the "SFA")** – [To insert notice if classification of the Notes is not "prescribed capital markets products", pursuant to Section 309B of the SFA or Excluded Investment Products]".]****

[Investors should be aware that as CNY Disruption Event (as defined in Condition 7(d) of the Terms and Conditions of the Notes) is specified in this Pricing Supplement and, if by reason of any CNY Disruption Event, the Issuer determines that it is not reasonably practicable to make such payment in Renminbi, the Issuer has the right to postpone the due date of such payment and, if the CNY Disruption Event continues to exist for 14 consecutive calendar days from the original due date, to make the payment in US dollars instead of Renminbi. (Please refer to Condition 7(d) of the Terms and Conditions of the Notes.) There is therefore no assurance that Noteholders will receive each amount payable in Renminbi on the original due date or in Renminbi and that there are various other risks relating to the Notes, the Issuer and its subsidiaries, their business and their jurisdictions of operations which investors should familiarise themselves with before making an investment in the Notes. See ''Risk Factors'' beginning on page 13 of the Offering Circular dated 31st October 2022.]*****

[A rebate of [●] basis points is being offered by the Issuer to all Private Banks for orders they place (other than in relation to Notes subscribed by such Private Banks as principal whereby it is deploying its own balance sheet for onward selling to investors), payable upon closing of the offering based on the principal amount of the Notes distributed by such Private Banks to investors.]

[*Insert alternative marketing and investor targeting strategy for this issuance for Hong Kong SFC Code of Conduct purposes if this is different from that set out in the Offering Circular*]

**[MTR CORPORATION LIMITED/MTR CORPORATION (C.I.) LIMITED (as Issuer)]**

*[(a company with limited liability organised under the laws of the Cayman Islands on 30th October 2000)]*******

**[MTR Corporation Limited (as Guarantor)]**

**US$7,000,000,000 Debt Issuance Programme**

SERIES NO: [ ]
TRANCHE NO: [ ]

[Brief Description and Principal Amount of Notes]

Issue Price: [ ] per cent.

[Dealer(s)]

The date of the Pricing Supplement is [ ]

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* Applicable for Notes to be listed on the SEHK only.

** Legend for issuances involving one or more MiFID manufacturers.

*** Legend for issuances involving one or more UK MiFIR manufacturers.

**** Relevant Dealer(s) to consider whether it/they have received the necessary product classification from the Issuer prior to the launch of the offer, pursuant to Section 309B of the

SFA. If there is a change as to product classification for the relevant drawdown, from the upfront classification embedded in the programme documentation, then the legend is to be completed and used (if no change as to product classification, then the legend may be deleted in its entirety).

***** Legend for issuances of Notes for which the terms about CNY Disruption Event are indicated as applicable in the relevant Pricing Supplement.

****** Applicable only if MTR Corporation (C.I.) Limited is the Issuer.

This document constitutes the Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 31st October 2022 [and the supplemental Offering Circular dated [●]]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular dated 31st October 2022 [as so supplemented].

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "Conditions") set forth in the Offering Circular dated [original date [●]] [and the supplemental Offering Circular dated [●]] which are incorporated by reference in the Offering Circular dated [current date]. This Pricing Supplement constitutes the final terms of the Notes described herein and must be read in conjunction with the Offering Circular dated [current date [●]], save in respect of the Conditions which are extracted from the Offering Circular dated [original date] and are attached hereto. ]

*[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote guidance for completing the Pricing Supplement.]*

| | | |
|---|---|---|
| 1. | Issuer: | [MTR Corporation Limited/MTR Corporation (C.I.) Limited] (Legal Entity Identifier: [254900IH4U9NHH9AQM97/254900SEVE6JAZLGDW04]) |
| 2. | [Guarantor: | MTR Corporation Limited (Legal Entity Identifier: [254900IH4U9NHH9AQM97])] |
| 3. | (i) Series Number: | [●] |
| | (ii) Tranche Number: | [●] |
| | (If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible). | |
| 4. | (i) Specified Currency or Currencies: | [●] |
| | (ii) CNY Disruption Event | [Applicable/Not Applicable] |
| 5. | Aggregate Nominal Amount: | [●] |
| | (i) Series: | [●] |
| | [(ii) Tranche: | [●]] |
| 6. | Issue Price: | [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date] (in the case of fungible issues only, if applicable)*] |
| 7. | (a) Specified Denominations: *(in the case of Registered Notes, this means the minimum integral amount in which transfers can be made)* | [●] *(N.B. For Bearer Notes with a Specified Denomination and higher integral multiples above the minimum denomination, consider including language substantially to the following effect (however, appropriate amendments shall be made for different currencies): "[US$200,000] and integral multiples of [US$1,000] in excess thereof, up to and including [US$399,000]. No* |

| | | |
|---|---|---|
| | | *definitive notes will be issued with a denomination above [US$399,000].”* *(N.B. If an issue of Notes is (i) NOT admitted to trading on an European Economic Area regulated market; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Regulation the [US$200,000] minimum denomination is not required.)* |
| | (b) Calculation Amount:[1] *(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: These must be a common factor in the case of two or more Specified Denominations.)* | [●] |
| 8. | (i) Issue Date: | [●] |
| | (ii) Interest Commencement Date: | *[Specify/Issue Date/Not Applicable]* |
| 9. | Maturity Date: | *[Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]*[2] |
| 10. | Interest Basis: | [[●]per cent. Fixed Rate]<br>[*[Specify reference rate]* +/- [●] per cent. Floating Rate]<br>[Zero Coupon]<br>[Index-Linked Interest]<br>[Other *(specify)*]<br>(further particulars specified below) |
| 11. | Redemption/Payment Basis: | [Redemption at par]<br>[Index-Linked Redemption]<br>[Dual Currency]<br>[Partly Paid]<br>[Instalment]<br>[Other *(specify)*] |
| 12. | Change of Interest or Redemption/Payment Basis: | *[Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis]* |
| 13. | Put/Call Options: | [Investor Put]<br>[Issuer Call]<br>[(further particulars specified below)] |
| 14. | (i) Status of the Notes: | Senior |
| | (ii) [Status of the Guarantee: | Senior] |
| | [(iii)] [Date of Board approval for issuance of Notes obtained: | [●] [and [●], respectively]]<br>*(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)* |
| 15. | Method of distribution: | [Syndicated/Non-syndicated] |

1 Note that for Notes which are lodged in CMU, the Calculation Amount will be based on the Specified Denomination. For Notes which are not lodged in CMU, the Calculation Amount will be based on the Aggregate Nominal Amount.

2 Note that for Hong Kong dollar and Renminbi denominated Fixed Rate Notes where the Fixed Interest Dates are subject to modification it will be necessary to use the second option here.

## PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

| | | | |
|---|---|---|---|
| **16.** | **Fixed Rate Note Provisions** | | [Applicable/Not Applicable]<br>*(If not applicable, delete the remaining sub-paragraphs of this paragraph)* |
| | (i) | Fixed Rate[(s)] of Interest: | [●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear] |
| | (ii) | Fixed Interest Date(s): | [●] in each year [adjusted in accordance with *[specify Business Day Convention and any applicable relevant* Financial Centre(s) for the definition of "BusinessDay"]/not adjusted] [3] |
| | (iii) | Fixed Coupon Amount [(s)]:<br>(Applicable to Notes in Definitive Form) | [●] per Calculation Amount [4] |
| | (iv) | Broken Amount(s):<br>(Applicable to Notes in Definitive Form) | *[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount(s)]* per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●] [Not Applicable] |
| | (v) | Day Count Fraction<br>*(if different from that specified in Condition 5(a))*: | [●]<br>*(Day count fraction should be Actual/Actual-ICMA for all fixed rate issues other than those denominated in US dollars or Hong Kong dollars, unless otherwise requested)* |
| | (vi) | Determination Dates: | [●] in each year |
| | (vii) | Other terms relating to the method of calculating interest for Fixed Rate Notes: | [Not Applicable/*give details*] |
| **17.** | **Floating Rate Note Provisions** | | [Applicable/Not Applicable]<br>*(If not applicable, delete the remaining sub-paragraphs of this paragraph)* |
| | (i) | Interest Period(s): | [●] |
| | (ii) | Interest Payment Dates: | [●] |
| | (iii) | First Interest Payment Date: | [●] |
| | (iv) | Business Day Convention: | [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/other (give details)] |
| | (v) | Relevant Financial Centre(s) (Condition 5(b)(i)(B)): | [●] |

3. (i) Note that for certain Hong Kong dollar and Renminbi denominated Fixed Rate Notes the Fixed Interest Dates are subject to modification and the following words should be added: "provided that if any Fixed Interest Date falls on a day which is not a Business Day, the Fixed Interest Date will be the next succeeding Business Day unless it would thereby fall in the next calendar month in which event the Fixed Interest Date shall be brought forward to the immediately preceding Business Day. For these purposes, "Business Day" means a day on which commercial banks are open for business and foreign exchange markets settle payments in Hong Kong and [●][on which commercial banks in Hong Kong are open for business and settlement of Renminbi payments]."

(ii) Note that for US dollar denominated Fixed Rate Notes, the Modified Following Business Day Convention is not applicable and Condition 7(c) of the Terms and Conditions will apply.

4 For Hong Kong dollar and Renminbi denominated Fixed Rate Notes where the Fixed Interest Dates are subject to modification the following alternative wording is appropriate: "Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Specified Denomination by the Day Count Fraction and rounding the resultant figure to the nearest [[HK$0.01, HK$0.005 being rounded upwards]/[RMB0.01, RMB0.005 being rounded upwards]]. For the purposes of this paragraph and the Day Count Fraction referred to herein, "Calculation Date" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Fixed Interest Date and each successive period beginning on (and including) a Fixed Interest Date and ending on (but excluding) the next succeeding Fixed Interest Date."

| | | | |
|---|---|---|---|
| | (vi) | Manner in which the Rate(s) of Interest is/are to be determined: | [Page/other *(give details)*] |
| | (vii) | Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent): | [●] |
| | (viii) | Screen Determination (Condition 5(b)(iv)): | |
| | | – Relevant Time: | [●] |
| | | – Interest Determination Date: | [●] |
| | | – Primary Source for Floating Rate: | [●] |
| | | – Reference Banks (if Primary Source is "Reference Banks"): | [●] |
| | | – Relevant Financial Centre: | [The financial centre most closely connected to the Benchmark – *specify if not London*] |
| | | – Benchmark: | [EURIBOR, HIBOR, CNH HIBOR or other benchmark] |
| | | – Representative Amount: | *[Specify if screen or Reference Bank quotations are to be given in respect of a transaction of a specified nominal amount]* |
| | | – Effective Date: | *[Specify if quotations are not to be obtained with effect from the commencement of the Interest Accrual Period]* |
| | | – Specified Duration: | *[Specify period for quotation if not duration of Interest Accrual Period]* |
| | (ix) | ISDA Determination: | |
| | | – Floating Rate Option: | [●] |
| | | – Designated Maturity: | [●] |
| | | – Reset Date: | [●] |
| | (x) | Margin(s): | [+/-][●] per cent. per annum |
| | (xi) | Minimum Rate of Interest: | [●] per cent. per annum |
| | (xii) | Maximum Rate of Interest: | [●] per cent. per annum |
| | (xiii) | Day Count Fraction (if different from that specified in Condition 5(b)(vi)): | [●] |
| | (xiv) | Rate Multiplier: | [●] |
| | (xv) | Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: | [●] |
| **18.** | **Zero Coupon Note Provisions** | | [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)* |
| | (i) | Accrual Yield (Condition 6(e)(iii)): | [●] per cent. per annum |
| | (ii) | Reference Price (Condition 6(e)(iii)): | [●] |
| | (iii) | Day Count Fraction: | [●] |
| | (iv) | Any other formula/basis of determining amount payable: | [●] |

| | | |
|---|---|---|
| **19.** | **Index-Linked Interest Note Provisions** | [Applicable/Not Applicable]<br>*(If not applicable, delete the remaining sub-paragraphs of this paragraph)* |
| (i) | Index/Formula/other variable: | [give or annex details] |
| (ii) | Calculation Agent responsible for calculating the interest due: | [●] |
| (iii) | Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable: | [●] |
| (iv) | Determination Date(s): | [●] |
| (v) | Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: | [●] |
| (vi) | Interest Period(s): | [●] |
| (vii) | Interest Payment Dates: | [●] |
| (viii) | Business Day Convention: | [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/other *(give details)*] |
| (ix) | Relevant Financial Centre(s): | [●] |
| (x) | Minimum Rate of Interest: | [●]per cent. per annum |
| (xi) | Maximum Rate of Interest: | [●]per cent. per annum |
| (xii) | Day Count Fraction: | [●] |

| | | |
|---|---|---|
| **20.** | **Dual Currency Note Provisions** | [Applicable/Not Applicable]<br>*(If not applicable, delete the remaining sub-paragraphs of this paragraph)* |
| (i) | Rate of Exchange/Method of calculating Rate of Exchange: | *[give details]* |
| (ii) | Calculation Agent, if any, responsible for calculating the principal and/or interest due: | [●] |
| (iii) | Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: | [●] |
| (iv) | Person at whose option Currency(ies) is/are payable: | [●] |
| (v) | Day Count Fraction: | [●] |

## PROVISIONS RELATING TO REDEMPTION

| | | |
|---|---|---|
| **21.** | **Call Option** | [Applicable/Not Applicable]<br>*(If not applicable, delete the remaining sub-paragraphs of this paragraph)* |
| (i) | Optional Redemption Date(s): | [●] |
| (ii) | Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): | [●] per Calculation Amount |

| | | | |
|---|---|---|---|
| | (iii) | If redeemable in part: | |
| | | (a) Minimum Redemption Amount: | [●] |
| | | (b) Maximum Redemption Amount: | [●] |
| | (iv) | Notice period (If other than as set out in the Conditions): [5] | [●] |
| **22.** | **Put Option** | | [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)* |
| | (i) | Optional Redemption Date(s): | [●] |
| | (ii) | Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): | [●] per Calculation Amount |
| | (iii) | Option Exercise Date(s): | [●] |
| | (iv) | Description of any other Noteholders' option: | [●] |
| | (v) | Notice period:[5] | [●] |
| **23.** | **Final Redemption Amount of each Note** In cases where the Final Redemption Amount is Index-Linked or other variable-linked: | | [●] per Calculation Amount/[●] |
| | (i) | Index/Formula/variable: | *[give or annex details]* |
| | (ii) | Calculation Agent responsible for calculating the Final Redemption Amount: | [●] |
| | (iii) | Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: | [●] |
| | (iv) | Determination Date(s): | [●] |
| | (v) | Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: | [●] |
| | (vi) | Minimum Final Redemption Amount: | [●] |
| | (vii) | Maximum Final Redemption Amount: | [●] |
| **24.** | **Early Redemption Amount** | | |
| | (i) | Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions): | [●] per Calculation Amount/[●] |

[5] (N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or the Trustee.)

| | | |
|---|---|---|
| (ii) | Redemption for taxation reasons permitted on days other than Interest Payment Dates (Condition 6(b)): | [Yes/No] |
| (iii) | Unmatured Coupons to become void upon early redemption (Bearer Notes only) (Condition 7(b)): | [Yes/No/Not Applicable] |

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

| | | |
|---|---|---|
| 25. | Form of Notes: | [Bearer Notes/Exchangeable Bearer Notes/Registered Notes]<br>*[Delete as appropriate]*<br>[Temporary Global Note exchangeable for a permanent Global Note which is exchangeable for Definitive Notes on [●] days' notice/in the limited circumstances specified in the permanent Global Note]<br>[Temporary Global Note exchangeable for Definitive Notes on [●] days' notice]<br>[Permanent Global Note exchangeable for Definitive Notes on [●] days' notice/in the limited circumstances specified in the permanent Global Note]<br>[Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Global Note]<br>N.B. If the Specified Denomination of the Notes in paragraph 7 includes language substantially to the following effect: "[US$200,000] and integral multiples of [US$1,000] in excess thereof up to and including [US$399,000]", the exchange upon notice option should not be expressed to be applicable. |
| 26. | Business Day Jurisdiction(s) (Condition 7(c) or other special provisions relating to Payment Dates): | [Not Applicable/*give details. Note that this item relates to the date and place of payment, and not interest period end dates, to which items 16(ii), 17(v) and 19(ix) relate]* |
| 27. | Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): | [Yes/No. *If yes, give details*] |
| 28. | Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: | [Not Applicable/*give details*] |
| 29. | Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: | [Not Applicable/*give details*] |
| | (i) Instalment Amount(s): | [●] |
| | (ii) Instalment Date(s): | [●] |

| | | |
|---|---|---|
| | (iii) Minimum Instalment Amount: | [●] |
| | (iv) Maximum Instalment Amount: | [●] |
| 30. | Redenomination, renominalisation and reconventioning provisions: | [Not Applicable/The provisions [in Condition [●]] apply] |
| 31. | Consolidation provisions: | [Not Applicable/The provisions [in Condition [●]] apply] |
| 32. | Use of proceeds: | [As per Offering Circular/[●]] |
| 33. | Other terms:[6] | [Not Applicable/*give details*] |

## DISTRIBUTION

| | | |
|---|---|---|
| 34. | (i) If syndicated, names and addresses of Managers and underwriting commitments: | [Not Applicable/*give names, addresses and underwriting commitments]*<br><br>(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.) |
| | (ii) Date of Subscription Agreement: | [●] |
| | (iii) Stabilisation Manager(s) (if any): | [Not Applicable/give name] |
| 35. | If non-syndicated, name and address of Dealer: | [Not Applicable/*give name and address*] |
| 36. | Total commission and concession: | [●] per cent. of the Aggregate Nominal Amount |
| 37. | US Selling Restrictions: | [Reg S. Category 2/TEFRA C/TEFRA D/TEFRA not applicable] |
| 38. | Additional selling restrictions: | [●] |

## GENERAL AND OPERATIONAL INFORMATION

| | | |
|---|---|---|
| 39. | Listing: | [Hong Kong/*specify other*/None] |
| 40. | Rating: | [●] |
| 41. | ISIN Code: | [●] |

[6] If full terms and conditions are to be used, please add the following here: The full text of the Conditions which apply to the Notes [and which will be endorsed on the Notes in definitive form] are set out in [the Annex hereto], which Conditions replace in their entirety those appearing in the Offering Circular for the purposes of these Notes and such Conditions will prevail over any other provision to the contrary. The first set of bracketed words is to be deleted where there is a permanent global Note instead of Notes in definitive form. The full Conditions should be attached to and form part of the final terms of the Notes.

| | | |
|---|---|---|
| 42. | Common Code: | [●] |
| 43. | CMU Instrument No.: | [●] |
| | | [If using CMU insert the following: CMU acts as a central custodian and clearing agent for Hong Kong dollar denominated debt instruments. The Global Notes will be lodged with CMU and deposited with The Hongkong and Shanghai Banking Corporation Limited as sub-custodian for CMU (or any other sub-custodian for CMU) upon settlement. Thereafter transfers of interests in the Notes are made by computer book entry without the need for physical delivery of definitive notes. Euroclear and Clearstream both maintain accounts with CMU, and members of these clearing systems can hold interests in instruments lodged with CMU through this mechanism. Transfers of interests in the Global Notes will be made in accordance with CMU Rules. Investors should be aware that transfers of interests between members of Euroclear or Clearstream on the one hand, and CMU on the other hand, may be subject to a one day delay for clearance.] [Specify whether CMU DvP facility will be utilised.] |
| 44. | Any clearing system(s) other than Euroclear Bank SA/NV, Clearstream Banking, S.A. and the Central Moneymarkets Unit Service and the relevant identification number(s): | [Not Applicable/*give name(s) and number(s) and address(es)*] |
| 45. | Delivery: | Delivery [against/free of] payment |
| 46. | Names and addresses of additional Paying Agent(s) (if any): | [●] |
| 47. | Other Terms: | [●] |
| 48. | Net Proceeds: | [●] |

## LISTING APPLICATION *[Only include for listed notes]*

This Pricing Supplement comprises the final terms required to list the issue of Notes described herein pursuant to the US$7,000,000,000 Debt Issuance Programme of MTR Corporation Limited and MTR Corporation (C.I.) Limited.

## RESPONSIBILITY

The Issuer [and the Guarantor] accept[s] responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:
By:
Duly authorised
[Signed on behalf of the Guarantor:
By:
Duly authorised]

# RMB Currency Controls

*The following is a general description of certain currency controls in Mainland China and is based on the law and relevant interpretations thereof in effect as at the date of this Offering Circular, all of which are subject to change, and does not constitute legal advice. It does not purport to be a complete analysis of all applicable currency controls in Mainland China relating to the Notes. Prospective holders of Notes who are in any doubt as to RMB currency controls are advised to consult their own professional advisers.*

The Renminbi is not a freely convertible currency. The remittance of Renminbi into and outside Mainland China is subject to controls imposed under laws in Mainland China.

## Current Account Items

Under foreign exchange control regulations in Mainland China, current account item payments include payments for imports and exports of goods and services, payments of income and current transfers into and outside Mainland China.

Since July 2009, the Central People's Government has commenced a scheme pursuant to which Renminbi may be used for settlement of imports and exports of goods between approved pilot enterprises in five designated cities in Mainland China including Shanghai, Guangzhou, Dongguan, Shenzhen and Zhuhai and enterprises in designated offshore jurisdictions including Hong Kong and Macao. On 17th June 2010, the Central People's Government promulgated the Circular on Issues concerning the Expansion of the Scope of the Pilot Program of Renminbi Settlement of Cross-Border Trades (Yin Fa (2010) No. 186) (關於擴大跨境貿易人民幣結算試點有關問題的通知), pursuant to which (i) Renminbi settlement of imports and exports of goods and of services and other current account items became permissible, (ii) the list of designated pilot districts was expanded to cover 20 provinces including Beijing and Tianjin, (iii) the restriction on designated offshore districts was lifted, and (iv) any enterprise qualified for the export and import business is permitted to use Renminbi as settlement currency for exports of goods, provided that the relevant provincial government has submitted to PBOC and five other authorities (the "Six Authorities") a list of key enterprises subject to supervision and the Six Authorities have verified and signed off such list (the "Supervision List"). On 12th June 2012, the PBOC issued a notice stating that the Six Authorities had jointly verified and announced a Supervision List and as a result any enterprise qualified for the export and import business is permitted to use Renminbi as settlement currency for exports.

On 5th July 2013, the PBOC promulgated the "Circular on Policies related to Simplifying and Improving Cross-border Renminbi Business Procedures" (關於簡化跨境人民幣業務流程和完善有關政策的通知) (the "2013 PBOC Circular") to improve the efficiency of cross-border Renminbi settlement and facilitate the use of RMB for the settlement of cross-border transactions under current accounts or capital accounts. In particular, the 2013 PBOC Circular simplifies the procedures for cross-border Renminbi trade settlement under current account items. For example, banks in Mainland China may conduct settlement for enterprises in Mainland China upon such enterprises presenting the payment instruction, with certain exceptions. Banks in Mainland China may also allow enterprises in Mainland China to make/receive payments under current account items prior to the relevant verification of underlying transactions by the banks in Mainland China (noting that verification of underlying transactions is usually a precondition for cross-border remittance).

On 1st November 2014, the PBOC promulgated the "Circular on Matters concerning Centralized Cross-Border Renminbi Fund Operation Conducted by Multinational Enterprise Groups" (關於跨國企業集團開展跨境人民幣資金集中運營業務有關事宜的通知) (the "2014 PBOC Circular"). The 2014 PBOC Circular introduces a cash pooling arrangement for qualified multinational enterprise group companies, under which a multinational enterprise group can process cross-border Renminbi payments and receipts for current account items on a collective basis for eligible member companies in the group.

On 5th September 2015, the PBOC promulgated the "Circular on Further Facilitating the Cross-Border Bi-directional Renminbi Cash Pooling Business by Multinational Enterprise Groups" (關於進一步便利跨國企業集團開展跨境雙向人民幣資金池業務的通知) (the "2015 PBOC Circular") which, among others, lowers the eligibility requirements for multinational enterprise groups and increases the cap for net cash inflow. The 2015 PBOC Circular also provides that enterprises in the Free Trade Pilot Zone ("FTZ") may establish an additional cash pool in the local scheme in the FTZ, but each onshore company within the group may only elect to participate in one cash pool.

The regulations referred to above will be subject to interpretation and application by the relevant Authorities in Mainland China. Local authorities may adopt different practices in applying these regulations and impose conditions for settlement of current account items.

Further, if any new regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the use of Renminbi for payment of transactions categorised as current account items, then such settlement will need to be made subject to the specific requirements or restrictions set out in such rules.

## Capital Account Items

Under foreign exchange control regulations in Mainland China, capital account items include cross-border transfers of capital, direct investments, securities investments, derivative products and loans. Capital account payments are generally subject to approval of the relevant authorities in Mainland China.

Prior to October 2011, capital account items of foreign invested entities were generally required to be made in foreign currencies. For instance, foreign investors (including any Hong Kong investors) were generally required to make any capital contribution to foreign invested enterprises in a foreign currency in accordance with the terms set out in the relevant joint venture contracts and/or articles of association as approved by the relevant authorities. Foreign invested enterprises or any other relevant parties in Mainland China were also generally required to make capital item payments, including proceeds from liquidation, transfer of shares, and reduction of capital in a foreign currency. That said, the relevant authorities in Mainland China might approve a foreign entity to make a capital contribution or a shareholder's loan to a foreign invested enterprise with Renminbi lawfully obtained by it outside Mainland China and for the foreign invested enterprise to service interest and principal repayment to its foreign investor outside Mainland China in Renminbi on a trial basis. The foreign invested enterprise might also be required to complete registration and verification processes with the relevant authorities in Mainland China before such Renminbi remittances.

On 25th February 2011, the Ministry of Commerce of the PRC ("MOFCOM") promulgated the Notice of MOFCOM in relation to administration on foreign investment (商務部關於外商投資管理工作有關問題的通知) (the "MOFCOM Notice"). The MOFCOM Notice states that if a foreign investor intends to make investments in Mainland China with Renminbi that it has generated from cross-border trade settlement or that it has lawfully obtained outside Mainland China, MOFCOM's prior written consent is required.

On 7th April 2011, State Administration of Foreign Exchange of the PRC ("SAFE") promulgated the Circular on Issues Concerning the Capital Account Items in connection with Cross-Border Renminbi (國家外匯管理局綜合司關於規範跨境人民幣資本項目業務操作有關問題的通知) (the "SAFE Circular") which became effective on 1st May 2011. According to the SAFE Circular, in the event that foreign investors intend to use cross-border Renminbi (including offshore Renminbi and onshore Renminbi held in the capital accounts of the non-residents of Mainland China) to make equity and debt contribution to an onshore enterprise or make payment for the transfer of equity interest of an onshore enterprise by a resident of Mainland China, such onshore enterprise shall be required to submit the prior written consent from MOFCOM to the relevant local branches of SAFE of such onshore enterprise and register for foreign invested enterprise status. Further, foreign debts in cross-border Renminbi sustained by onshore institutions (including financial institutions) shall still be subject to the current laws and regulation in Mainland China on foreign debts supervision.

On 3rd June 2011, PBOC issued the Notice on Clarifying Issues Relating to Cross-border RMB Transactions (中國人民銀行關於明確跨境人民幣業務相關問題的通知) ("PBOC Notice") which provides that the pilot programme of foreign direct investment in RMB will be launched on a case by case basis, and approval by the PBOC is required for foreign direct investment in RMB. For industries under restrictions or strictly regulated by the governments in Mainland China, foreign direct investment in RMB is prohibited.

On 13th October 2011, PBOC issued the Measures on Administration of the RMB Settlement in relation to Foreign Direct Investment (外商直接投資人民幣結算業務管理辦法) (the "PBOC RMB FDI Measures"), pursuant to which, PBOC special approval for RMB foreign direct investment ("RMB FDI") and shareholder loans, which is required by the PBOC Notice, is no longer necessary. The PBOC RMB FDI Measures provide that, among others, foreign invested enterprises are required to conduct registrations with the local branch of PBOC within ten working days after obtaining the business licences for the purpose of RMB settlement, a foreign investor is allowed to open a RMB expense account to reimburse some expenses before the establishment of a foreign invested enterprise and the balance in such an account can be transferred to the RMB capital account of such foreign invested enterprise when it is established, commercial banks can remit a foreign investor's RMB proceeds from distribution by its subsidiaries in Mainland China out of Mainland China after reviewing certain documents, if a foreign investor intends to use its RMB proceeds from distribution by its subsidiaries in Mainland China, the foreign investor may open a RMB re-investment account to pool the RMB proceeds, and the parties in Mainland China selling stake in domestic enterprises to foreign investors can open RMB accounts and receive the purchase price in RMB paid by foreign investors. The PBOC RMB FDI Measures also state that the foreign debt quota of a foreign invested enterprise constitutes its RMB debt and foreign currency debt from its offshore shareholders, offshore affiliates and offshore financial institutions, and a foreign invested enterprise may open a RMB account to receive its RMB proceeds borrowed offshore by submitting the RMB loan contract to the commercial bank and make repayments of principal of and interest on such debt in RMB by submitting certain documents as required to the commercial bank.

On 14th June 2012, the PBOC promulgated the "Notice on Implementation Rules of Renminbi settlement in Relation to Foreign Direct Investment" (中國人民銀行關於明確外商直接投資人民幣結算業務操作細則的通知 ) which stipulated detailed provisions on the PBOC FDI Measures.

On 19th November 2012, the SAFE promulgated the Circular on Further Improving and Adjusting the Foreign Exchange Administration Policies on Direct Investment (國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知) (the "SAFE Circular on DI"), which became effective on 17th December 2012. According to the SAFE Circular on DI, the SAFE removes or adjusts certain administrative licensing items with regard to foreign exchange administration over direct investments to promote investment, including the abrogation of SAFE approval for opening of and payment into foreign exchange accounts under direct investment accounts, the abrogation of SAFE approval for reinvestment with legal income generated within Mainland China of foreign investors, the simplification of the administration of foreign exchange reinvestments by foreign investment companies, and the abrogation of SAFE approval for purchase and external payment of foreign exchange under direct investment accounts.

On 3rd December 2013, MOFCOM issued the Circular on Relevant Issues with regard to Cross-border, RMB Direct Investment (商務部關於跨境人民幣直接投資有關問題的公告) (the "MOFCOM RMB FDI Circular"), which became effective on 1st January 2014, which replaced the Notice on Issues in relation to Cross-border Renminbi Foreign Direct Investment (商務部關於跨境人民幣直接投資有關問題的通知) promulgated by MOFCOM on 12th October 2011 (the "2011 MOFCOM Circular"). Pursuant to the MOFCOM RMB FDI Circular, the preliminary approval by the provincial counterpart of MOFCOM and the consent of MOFCOM for exceptional cases of foreign direct investments made in RMB under the 2011 MOFCOM Circular are no longer required. The MOFCOM RMB FDI Circular also removed the approval requirement for foreign investors who intend to change the currency of their existing capital contribution from a foreign currency to RMB. The MOFCOM RMB FDI Circular also prohibits the investment, either direct or indirect, of the proceeds of RMB FDI cannot in securities or financial derivatives (except for the strategic investment in Mainland China domestic listed companies) and entrusted loans in Mainland China.

According to the 2015 PBOC Circular, qualified multinational enterprise groups can extend Renminbi-denominated loans to, or borrow Renminbi-denominated loans from, eligible offshore member entities within the same group by leveraging the cash pooling arrangements. The Renminbi funds will be placed in a special deposit account and may not be used to invest in stocks, financial derivatives or non-self-use real estates, or to purchase wealth management products or extend loans to enterprises outside the group. Enterprises within the Shanghai FTZ may establish another cash pool under the Shanghai FTZ rules to extend inter-company loans, although Renminbi funds obtained from financing activities may not be pooled under this arrangement. Enterprises within the Shanghai FTZ can borrow Renminbi from offshore lenders under a pilot account-based settlement scheme within the prescribed macro prudential management limit. In addition, non-financial enterprises in the Shanghai FTZ are allowed to convert the foreign debt proceeds into Renminbi on a voluntary basis, provided that the proceeds should not be used beyond their business scope or in violation of relevant laws and regulations. Pilot schemes relating to cross-border Renminbi loans, bonds or equity investments have also been launched for, among others, enterprises in Shenzhen Qianhai, Jiangsu Kunshan and Jiangsu Suzhou Industrial Park.

On 26th January 2017, SAFE issued the Notice on Further Promoting the Reform of Foreign Exchange Administration and Improving the Examination of Authenticity and Compliance (國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知) to further advance the reform of foreign exchange administration, such as:

- settlement of domestic foreign exchange loans is allowed for export trade in goods. A domestic institution shall repay loans with the foreign exchange funds received from export trade in goods, rather than, in principle, purchased foreign exchange;

- a debtor may directly or indirectly repatriate the funds under guarantee and use them domestically by, among others, granting loans and making equity investment domestically. Where a bank performs its guarantee obligation under overseas loans with a domestic guarantee, the relevant foreign exchange settlement and sale shall be managed as the bank's own foreign exchange settlement and sale;

- the deposits absorbed by a domestic bank through its principal international foreign exchange account and allowed to be used domestically shall be no more than 100% of the average daily deposit balance in the previous six months as opposed to the former 50%; and the funds used domestically shall not be included in the bank's outstanding short-term external debt quota;

- allowing foreign exchange settlement in the domestic foreign exchange accounts of overseas institutions within pilot free trade zones: where funds are repatriated and used domestically after settlement, a domestic bank shall, under the relevant provisions on cross-border transactions, handle such funds by examining the valid commercial documents and vouchers of domestic institutions and domestic individuals; and

- where a domestic institution grants overseas loans, the total of the balance of overseas loans granted in domestic currency and the balance of overseas loans granted in foreign currency shall not exceed 30% of owner's equity in the audited financial statements of the previous year.

The measures and circulars referred to above will be subject to interpretation and application by the relevant authorities in Mainland China. Further, if any new regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorised as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules.

# Taxation

*The following is a general description of certain tax considerations relating to the Notes and is based on law and relevant interpretations thereof in effect as at the date of this Offering Circular, all of which are subject to change, and does not constitute legal or taxation advice. It does not purport to be a complete analysis of all tax considerations relating to the Notes. Prospective holders of Notes who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction are advised to consult their own professional advisers.*

## Hong Kong Taxation

*Withholding Tax*

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Notes or in respect of any capital gains arising from the sale of the Notes.

*Profits Tax*

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Interest on the Notes may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

(i) interest on the Notes is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;

(ii) interest on the Notes is derived from Hong Kong and is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;

(iii) interest on the Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112 of the Laws of Hong Kong) (the "IRO")) and arises through or from the carrying on by the financial institution of its business in Hong Kong, notwithstanding that the moneys in respect of which the interest is received or accrues are made available outside Hong Kong; or

(iv) interest on the Notes is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal or redemption of Bearer Notes will be subject to profits tax.

Sums derived from the sale, disposal or redemption of Bearer Notes will be subject to Hong Kong profits tax where received by or accrued to a person, other than a corporation, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted.

Sums received by or accrued to a corporation carrying on a trade, profession or business in Hong Kong by way of gains or profits arising in or derived from Hong Kong from the sale, disposal or redemption of Bearer Notes may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong.

Sums received by or accrued to a corporation (other than a financial institution) by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (as defined in section 16(3) of the IRO) from the sale, disposal or redemption of Bearer Notes will be subject to profits tax. Similarly, such sums in respect of Registered Notes received by or accrued to either the aforementioned person and/or a corporation will be subject to Hong Kong profits tax if such sums have a Hong Kong source. The source of such sums will generally be determined by having regard to the manner in which the Notes are acquired and disposed.

In certain circumstances, Hong Kong profits tax exemptions (such as concessionary tax rates) may be available. Investors are advised to consult their own tax advisors to ascertain the applicability of any exemptions to their individual position.

*Stamp Duty*

Stamp duty may be payable on the issue of Bearer Notes if they are issued in Hong Kong. Stamp duty will not be payable on the issue of Bearer Notes provided either:

(i) such Bearer Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or

(ii) such Bearer Notes constitute loan capital (as defined in the Stamp Duty Ordinance (Cap. 117 of the Laws of Hong Kong) (the "SDO")).

If stamp duty is payable it is payable by the relevant Issuer on issue of Bearer Notes at a rate of 3 per cent. of the market value of the Bearer Notes at the time of issue.

No stamp duty will be payable on any subsequent transfer of Bearer Notes.

No stamp duty is payable on the issue of Registered Notes. Stamp duty may be payable on any transfer of Registered Notes if the relevant transfer is required to be registered in Hong Kong. Stamp duty will, however, not be payable on any transfers of Registered Notes provided either:

(i) the Registered Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or

(ii) the Registered Notes constitute loan capital (as defined in the SDO).

If stamp duty is payable in respect of the transfer of Registered Notes it will be payable at the rate of 0.26 per cent. (of which 0.13 per cent. is payable by the seller and 0.13 per cent. is payable by the purchaser) normally by reference to the value of the consideration. If, in the case of either the sale or purchase of such Registered Notes, stamp duty is not paid, both the seller and the purchaser may be liable jointly and severally to pay any unpaid stamp duty and also any penalties for late payment. If stamp duty is not paid on or before the due date (two days after the sale or purchase if effected in Hong Kong or 30 days if effected elsewhere) a penalty of up to 10 times the duty payable may be imposed. In addition, stamp duty is payable at the fixed rate of HK$5 on each instrument of transfer executed in relation to any transfer of the Registered Notes if the relevant transfer is required to be registered in Hong Kong.

## Cayman Islands Taxation

The Cayman Islands currently have no exchange control restrictions and no income, corporate or capital gains tax, estate duty, inheritance tax, gift tax or withholding tax applicable to the relevant Issuer, (where MTR Cayman is the relevant Issuer) the Guarantor or any holder of Notes. Accordingly, payment of principal of (including any premium) and interest on, and any transfer or conversion of the securities will not be subject to taxation in the Cayman Islands, no Cayman Islands withholding tax will be required on such payments to any holder of a security and gains derived from the sale of securities will not be subject to Cayman Islands capital gains tax. The Cayman Islands are not party to a double taxation treaty with any country that is applicable to any payments made to or by MTR Cayman.

MTR Cayman has received (i) an undertaking dated 28th November 2000 from the Governor-in-Council of the Cayman Islands, in accordance with section 6 of the Tax Concessions Act (1999 Revision) of the Cayman Islands, and (ii) an undertaking dated 28th September 2020 from the Cabinet Office of the Cayman Islands pursuant to the Tax Concessions Act (As Revised) of the Cayman Islands, that for a period of 20 years from the date of the undertaking, no law which is thereafter enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to MTR Cayman or its operations and, in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable (i) on or in respect of the shares, debentures or other obligations of MTR Cayman or (ii) by way of the withholding in whole or in part of any relevant payment as defined in the Tax Concessions Act (As Revised) of the Cayman Islands.

No stamp duties or similar taxes or charges are payable under the laws of the Cayman Islands in respect of the execution and issue of the Notes unless they are executed in or brought (for example, for the purposes of enforcement) into the jurisdiction of the Cayman Islands, in which case stamp duty of 0.25% of the face amount thereof is payable on each Note (up to a maximum of C.I.$250 (approximately US$305)) unless stamp duty of C.I.$500 (approximately US$610) has been paid in respect of the entire issue of each Tranche. An instrument of transfer in respect of a Note if executed in or brought within the jurisdiction of the Cayman Islands will attract a Cayman Islands stamp duty of C.I.$100 (approximately US$122).

# Subscription and Sale

Subject to the terms and conditions contained in the Programme Agreement dated 28th October 2016 (as supplemented by a First Supplemental Programme Agreement dated 30th October 2017, a Second Supplemental Programme Agreement dated 30th October 2018, a Third Supplemental Programme Agreement dated 31st October 2019, a Fourth Supplemental Programme Agreement dated 30th October 2020, a Fifth Supplemental Programme Agreement dated 29th October 2021 and a Sixth Supplemental Programme Agreement dated 31st October 2022 and as further amended, supplemented, novated or restated from time to time) (the "Programme Agreement") between MTRCL, MTR Cayman and Australia and New Zealand Banking Group Limited, Barclays Bank PLC, BNP Paribas, Citigroup Global Markets Limited, Crédit Agricole Corporate and Investment Bank, Deutsche Bank AG, Hong Kong Branch, Goldman Sachs (Asia) L.L.C., The Hongkong and Shanghai Banking Corporation Limited, J.P. Morgan Securities plc, Merrill Lynch (Asia Pacific) Limited, Mizuho Securities Asia Limited, Morgan Stanley & Co. International plc, MUFG Securities EMEA plc, Nomura International plc, Standard Chartered Bank (Hong Kong) Limited, UBS AG Hong Kong Branch, United Overseas Bank Limited, Hong Kong Branch and Westpac Banking Corporation (together with any further financial institution appointed as a dealer under the Programme Agreement, the "Dealers"), the Issuers may agree to issue and the Dealers may agree to purchase or procure purchasers for Notes. The Programme Agreement also provides for Notes to be issued in Tranches which are jointly and severally underwritten by two or more Dealers or such purchasers.

The relevant Issuer failing whom the Guarantor (if applicable) will pay a Dealer a commission in respect of Notes subscribed by it. The Issuers and the Guarantor have agreed, pursuant to the Programme Agreement, to reimburse the Dealers for certain expenses.

Each of the Issuers and the Guarantor has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Programme Agreement may be terminated in relation to all the Dealers or any of them by the Issuers or, in relation to itself and the Issuers only, by any Dealer, at any time on giving not less than ten business days' notice.

The Dealers and certain of their affiliates may have performed certain investment banking and advisory services for the Company and/or its respective affiliates from time to time for which they have received customary fees and expenses and may, from time to time, engage in transactions with and perform services for the Company and/or its respective affiliates in the ordinary course of their business. In the ordinary course of their various business activities, the Arranger, Dealers and their affiliates may make or hold (on their own account, on behalf of clients or in their capacity of investment advisers) a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments and enter into other transactions, including credit derivatives (such as asset swaps, repackaging and credit default swaps) in relation thereto. Such transactions, investments and securities activities may involve securities and instruments of the Issuer or its subsidiaries, jointly controlled entities or associated companies, including Notes issued under the Programme, may be entered into at the same time or proximate to offers and sales of Notes or at other times in the secondary market and be carried out with counterparties that are also purchasers, holders or sellers of Notes.

The Dealers and certain of their respective affiliates may purchase the Notes and be allocated Notes for asset management and/or proprietary purposes and not with a view to distribution. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

**Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct – Important Notice to CMIs (including Private Banks):** This notice to CMIs (including Private Banks) is a summary of certain obligations the Code imposes on CMIs, which require the attention and cooperation of other CMIs (including Private Banks). Certain CMIs may also be acting as OCs for the relevant offering and are subject to additional requirements under the Code.

Prospective investors who are the directors, employees or major shareholders of the relevant Issuer, the Guarantor, a CMI or its group companies would be considered under the Code as having an Association with the relevant Issuer, the Guarantor, the CMI or the relevant group company. CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the Notes. In addition, Private Banks should take all reasonable steps to identify whether their investor clients may have any Associations with the relevant Issuer, the Guarantor or any CMI (including its group companies) and inform the Dealers participating in the relevant offering ("Relevant Dealers") accordingly.

CMIs are informed that, unless otherwise specified in the applicable Pricing Supplement, the marketing and investor targeting strategy for each relevant offering includes institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions set out elsewhere in this Offering Circular and the applicable Pricing Supplement.

CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the Notes (except for omnibus orders where underlying investor information should be provided to the OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place "X-orders" into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including Private Banks as the case may be) in the order book and book messages.

CMIs (including Private Banks) should not offer any rebates to prospective investors or pass on any rebates provided by the relevant Issuer and the Guarantor. In addition, CMIs (including Private Banks) should not enter into arrangements which may result in prospective investors paying different prices for the Notes. CMIs are informed that a private bank rebate may be payable as stated in this Offering Circular and the applicable Pricing Supplement.

The Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those Relevant Dealers in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the Notes, Private Banks should disclose, at the same time, if such order is placed other than on a "principal" basis (whereby it is deploying its own balance sheet for onward selling to investors). Private Banks who do not provide such disclosure are hereby deemed to be placing their order on such a "principal" basis. Otherwise, such order may be considered to be an omnibus order pursuant to the Code. Private Banks should be aware that placing an order on a "principal" basis may require the Relevant Dealers to apply the "proprietary orders" of the Code to such order and will require the Relevant Dealers to apply the "rebates" requirements of the Code (if applicable) to such order.

In relation to omnibus orders, when submitting such orders, CMIs (including Private Banks) are requested to provide certain underlying investor information, in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). CMIs (including Private Banks) should contact the Relevant Dealers to obtain details on what underlying investor information is required. To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including Private Banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to the OCs; and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to the OCs. By submitting an order and providing such information to the OCs, each CMI (including Private Banks) further warrants that they and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by the OCs and/or any other third parties as may be required by the Code, including to the relevant Issuer, the Guarantor, relevant regulators and/or any other third parties as may be required by the Code, for the purpose of complying with the Code, during the bookbuilding process for the relevant offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in the relevant offering. The Relevant Dealers may be asked to demonstrate compliance with their obligations under the Code, and may request other CMIs (including Private Banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including Private Banks) are required to provide the Relevant Dealers with such evidence within the timeline requested.

## United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, US persons except in accordance with Regulation S under the Securities Act, or in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph and the following two paragraphs have the meanings given to them by Regulation S under the Securities Act.

The Notes are being offered and sold outside the United States to non-US persons in reliance on Regulation S.

In addition, the Programme Agreement provides that the Dealers may directly or through their respective affiliates arrange for a placing of Notes in registered form in the United States to qualified institutional buyers pursuant to Rule 144A under the Securities Act ("Rule 144A"). Prospective investors are hereby notified that the Dealers may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A.

Each Dealer has represented and agreed that, except as permitted by the Programme Agreement, it has not offered, sold or delivered and will not offer, sell or deliver Notes of any Tranche, (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of such Tranche as determined, and certified to the relevant Dealer, by the Agent or, in the case of a syndicated issue, the lead manager of such issue, within the United States or to, or for the account or benefit of, US persons, and at or prior to confirmation of sale of the Notes it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration to which it sells Notes during the distribution compliance period (other than pursuant to Rule 144A) a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, US persons.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the Securities Act.

In addition to and independent of the above described Securities Act restrictions, Notes in bearer form are subject to US tax law restrictions and may not be offered, sold or delivered within the United States or its possessions or to a US person, except in certain transactions permitted by US tax regulations.

Terms used in this paragraph have the meanings given to them by the US Internal Revenue Code and regulations thereunder.

Each issuance of Index-Linked Notes shall be subject to such additional US selling restrictions as the relevant Dealer(s) shall agree with the relevant Issuer as a term of the issuance and purchase or, as the case may be, subscription of such Notes. Each Dealer agrees that it shall offer, sell and deliver such Notes only in compliance with such additional US selling restrictions.

The relevant Issuer may agree with one or more Dealers for such Dealer(s) to arrange for the sale of Notes under procedures and restrictions designed to allow such sales to be exempt from the registration requirements of the Securities Act.

## Prohibition of Sales to EEA Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by the Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or

(ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "Prospectus Regulation"); and

(b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

## United Kingdom

***Prohibition of Sales to UK Retail Investors***

Each Dealer represents and agrees, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the applicable Pricing Supplement in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

(i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("EUWA"); or

(ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 ("FSMA") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or

(iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA; and

(b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

***Other Regulatory Restrictions***

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(i) with respect to any Notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business, and (b) it has not offered or sold and will not offer or sell any such Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the FSMA by the relevant Issuer;

(ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of such Notes in circumstances in which section 21(1) of the FSMA does not apply to the relevant Issuer or the Guarantor; and

(iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

## Hong Kong

In relation to each Tranche of Notes to be issued by an Issuer under the Programme, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "Securities and Futures Ordinance") other than (a) to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) or which do not constitute an offer to the public within the meaning of that Ordinance; and

(ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

For the purposes of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules"), the Notes to be listed on the Hong Kong Stock Exchange will only be offered to Professional Investors. The Dealers reserve the right to withdraw, cancel or modify such offer without notice and to reject any order in whole or in part.

## Cayman Islands

Each Dealer has represented and agreed that no invitation may be made by or on behalf of MTR Cayman to the public in the Cayman Islands to subscribe any Notes.

## Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the "FIEA"). Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any person resident in Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), including any corporation or other entity organised under the laws of Japan, or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any person resident in Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any applicable laws, regulations and governmental guidelines of Japan.

## Singapore

Each of the Dealers has acknowledged and each further Dealer appointed under the Programme will be required to acknowledge that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each of the Dealers has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined under section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time including by any subsidiary legislation as may be applicable at the relevant time (together, the "SFA")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivative contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(c)(ii) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

## General

Each Dealer has acknowledged that no representation is made by the Issuers or any Dealer that any action has been or will be taken in any country or jurisdiction by the Issuers or any Dealer that would permit a public offering of the Notes, or possession or distribution of this Offering Circular or any other offering material or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required. Each Dealer has agreed that it will comply with all applicable laws and regulations in each country or jurisdiction in which it subscribes, purchases, offers, sells or delivers Notes or has in its possession or distributes this Offering Circular or any other offering material or any Pricing Supplement, in all cases at its own expense.

These selling restrictions may be modified by the agreement of the Issuers and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Pricing Supplement issued in respect of the issue of Notes to which it relates or in a supplement to this Offering Circular.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and a Dealer or any affiliate of such Dealer is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Dealer or such affiliate on behalf of the Issuers in such jurisdiction.

Save as specified in "General Information", no action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Offering Circular or any other offering material or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

# General Information

## Listing

Application has been made to the Hong Kong Stock Exchange for the listing of the Programme under which Notes may be issued by way of debt issues to Professional Investors only during the 12-month period after the date of this Offering Circular on the Hong Kong Stock Exchange. Separate application will be made for the listing of Notes issued under the Programme on the Hong Kong Stock Exchange.

The issue price of Notes listed on the Hong Kong Stock Exchange will be expressed as a percentage of their principal amount. Transactions will normally be effected for settlement in the relevant currency and for delivery by the end of the second trading day after the date of the transaction. It is expected that Notes which are to be listed on the Hong Kong Stock Exchange will be listed separately as and when issued and that dealings in a particular issue of Notes will commence on or about the date one business day after the date of publication of the formal notice in relation to such issue. Notes may also be listed on other stock exchanges.

## Authorisations

The establishment of the Programme and the issue of Notes under the Programme were duly authorised by a resolution of the Board of Directors of MTRC on 2nd July 1993.

The accession of MTR Cayman as an issuer under the Programme was duly authorised by a resolution of the Board of Directors of MTR Cayman on 2nd April 2001. The accession of MTR Cayman as an issuer under, and the irrevocable and unconditional guarantee by MTRCL of any Notes issued by MTR Cayman pursuant to, the Programme was duly authorised by resolutions of the Board of Directors of MTRCL on 2nd November 2000.

The annual update of the Programme was authorised by a resolution of the Board of Directors of MTRCL on 11th October 2022 and by a resolution of the Board of Directors of MTR Cayman on 11th October 2022.

## Auditors and Accounts

KPMG, Certified Public Accountants registered in Hong Kong and independent auditors of MTRCL, have audited the consolidated annual accounts of MTRCL and its subsidiaries for the years ended 31st December 2021 and 31st December 2020 without qualification in accordance with generally accepted auditing standards in Hong Kong. KPMG have audited the annual financial statements of MTR Cayman for the years ended 31st December 2021 and 31st December 2020 without qualification in accordance with generally accepted auditing standards in Hong Kong.

## Euroclear, Clearstream and CMU

The Notes have been accepted for clearance through the Euroclear and Clearstream systems (which are the entities in charge of keeping the records). The common code and ISIN for each Note allocated by Euroclear and Clearstream will be contained in the applicable Pricing Supplement. Transactions will normally be effected for settlement not earlier than three days after the date of the transaction. The Issuers may also apply to have Notes accepted for clearance through the CMU. Where Notes are to be lodged in CMU, the relevant CMU instrument number allocated by CMU will be contained in the applicable Pricing Supplement.

## Legal Entity Identifier

The legal entity identifier code of MTR Corporation Limited is 254900IH4U9NHH9AQM97 and the legal entity identifier code of MTR Corporation (C.I.) Limited is 254900SEVE6JAZLGDW04.

## Legend on Notes in Bearer Form

Notes in bearer form, including the Global Notes and Definitive Bearer Notes, having a maturity of more than one year, and any Receipt, Coupon and Talon related thereto, will bear the following legend:

"Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code."

## Litigation and Governmental Proceedings

(i) MTRCL has lodged objections and appeals relating to the Rates and Government rent assessments made by the Commissioner of Rating and Valuation in respect of the operational system and advertising, commercial telecommunications tenements and various development sites, which are pending.

(ii) Since the Rail Merger in 2007, MTRCL has claimed annual Hong Kong profits tax deductions in respect of the amortisation of upfront payment and cut-over liabilities, and fixed annual payments and variable annual payments relating to the Rail Merger (collectively "the Sums"). The Inland Revenue Department of Hong Kong issued notices of profits tax assessments/additional profits tax assessments for the years of assessment from 2009/2010 to 2017/2018 disallowing deduction of the Sums in the computation of MTRCL's assessable profits. Based on the strength of advice from the external legal counsels and tax advisor, MTRCL has lodged objections against these tax assessments (regarding the deductibility of the Sums). On 20th May 2022, the Commissioner of Inland Revenue issued a determination to MTRCL disagreeing with the objections lodged by MTRCL and confirming profits tax assessment/additional profits tax assessments in respect of the Sums in dispute for the years of assessment from 2011/2012 to 2017/2018 (i.e. holding that the Sums are not deductible in the computation of MTRCL's assessable profits for those years of assessment). Based on the advice from the external legal counsels and tax advisor, the directors of MTRCL believe that MTRCL has strong legal grounds and have determined to contest and appeal against the assessments for the years of assessment from 2011/2012 to 2017/2018. Accordingly, MTRCL lodged a notice of appeal to the Inland Revenue Board of Review on 16th June 2022. The date of hearing before the Board of Review is yet to be fixed.

(iii) Other than as disclosed in (i) and (ii) above and in the sub-section headed "Shatin to Central Link Project" in the section headed "MTR Corporation Limited" of this Offering Circular, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which MTRCL or any of its subsidiaries (including MTR Cayman) is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past, significant effects on MTRCL's or its subsidiaries' (including MTR Cayman's) financial position or profitability.

## Significant or Material Adverse Change

Save as disclosed in this Offering Circular, there has been no significant or material adverse change in the financial or trading position of MTRCL and its subsidiaries as a whole, or in the financial or trading position of MTR Cayman, since 31st December 2021.

## Documents available for Collection and Inspection

From the date hereof and for the length of the Programme, copies of the following documents will be available for collection and inspection during normal business hours from the principal office of the Agent in London, England, and the principal office of each of MTRCL and the Paying Agent in Hong Kong (as set out below):

(1) this Offering Circular and any future prospectus, supplements and any supplementary prospectuses;

(2) each Pricing Supplement (save that the Pricing Supplement relating to an unlisted Note will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Agent as to its holding of Notes and identity);

(3) the consolidated annual report and audited accounts of MTRCL and its subsidiaries for the years ended 31st December 2020 and 31st December 2021 and the most recent unaudited consolidated interim report;

(4) the audited financial statements of MTR Cayman for the years ended 31st December 2020 and 31st December 2021;

(5) the latest sustainability report of MTRCL; and

(6) the latest Sustainable Finance Framework and Sustainable Finance Report of MTRCL.

From the date hereof and for the length of the Programme, copies of the following documents will be available for inspection at the principal office of the Agent in London, England, and the principal office of each of MTRCL and the Paying Agent in Hong Kong (as set out below):

(1) the articles of association of MTRCL;

(2) the memorandum and articles of association of MTR Cayman;

(3) the Mass Transit Railway Ordinance (Cap. 556 of the Laws of Hong Kong);

(4) the Amended and Restated Trust Deed dated 7th November 2013;

(5) the First Supplemental Trust Deed dated 30th October 2020;

(6) the Second Supplemental Trust Deed dated 31st October 2022;

(7) the Amended and Restated Programme Agreement dated 28th October 2016;

(8) the First Supplemental Programme Agreement dated 30th October 2017;

(9) the Second Supplemental Programme Agreement dated 30th October 2018;

(10) the Third Supplemental Programme Agreement dated 31st October 2019;

(11) the Fourth Supplemental Programme Agreement dated 30th October 2020;

(12) the Fifth Supplemental Programme Agreement dated 29th October 2021;

(13) the Sixth Supplemental Programme Agreement dated 31st October 2022;

(14) the Amended and Restated Agency Agreement dated 28th October 2016 and incorporating the forms of the Global and Definitive Notes;

(15) the First Supplemental Agency Agreement dated 30th October 2017;

(16) the Second Supplemental Agency Agreement dated 30th October 2018;

(17) the Third Supplemental Agency Agreement dated 31st October 2019;

(18) the Fourth Supplemental Agency Agreement dated 30th October 2020;

(19) the Fifth Supplemental Agency Agreement dated 29th October 2021;

(20) the Sixth Supplemental Agency Agreement dated 31st October 2022;

(21) the Amended and Restated Deed of Covenant made by MTRCL (in its capacity as an Issuer and the Guarantor) and MTR Cayman on 30th October 2020.

**ISSUER AND GUARANTOR**
*Registered Office*
**MTR Corporation Limited**
香港鐵路有限公司
MTR Headquarters Building, Telford Plaza
Kowloon Bay
Kowloon
Hong Kong
Telephone: (852) 2881 8888

**ISSUER**
*Registered Office*
**MTR Corporation (C.I.) Limited**
PO Box 309, Ugland House
Grand Cayman, KY1 – 1104
Cayman Islands

**ARRANGER**
**The Hongkong and Shanghai Banking Corporation Limited**
Level 17, HSBC Main Building
1 Queen's Road Central
Hong Kong

**DEALERS**

**Australia and New Zealand Banking Group Limited**
22/F, Three Exchange Square
8 Connaught Place
Central
Hong Kong

**Barclays Bank PLC**
5 The North Colonnade
Canary Wharf
London E14 4BB
United Kingdom

**BNP Paribas**
63/F, Two International
Finance Centre
8 Finance Street
Central
Hong Kong

**Citigroup Global Markets Limited**
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

**Crédit Agricole Corporate and Investment Bank**
30th Floor
Two Pacific Place
88 Queensway
Hong Kong

**Deutsche Bank AG, Hong Kong Branch**
60/F, International Commerce Centre
1 Austin Road West, Kowloon
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**Goldman Sachs (Asia) L.L.C.**
68th Floor
Cheung Kong Center
2 Queen's Road Central
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**The Hongkong and Shanghai Banking Corporation Limited**
Level 17, HSBC Main Building
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Hong Kong

**J.P. Morgan Securities plc**
25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

**Merrill Lynch (Asia Pacific) Limited**
55/F, Cheung Kong Center
2 Queen's Road Central
Hong Kong

**Mizuho Securities Asia Limited**
14-15/F., K11 Atelier, 18 Salisbury Road
Tsim Sha Tsui, Kowloon
Hong Kong

**Morgan Stanley & Co. International plc**
25 Cabot Square
Canary Wharf
London E14 4QA
United Kingdom

**MUFG Securities EMEA plc**
Ropemaker Place
25 Ropemaker Street
London EC2Y 9AJ
United Kingdom

**Nomura International plc**
1 Angel Lane
London, EC4R 3AB
United Kingdom

**Standard Chartered Bank (Hong Kong) Limited**
15/F, Two International Finance Centre
8 Finance Street, Central
Hong Kong

**UBS AG, Hong Kong Branch**
52/F, Two International Finance Centre
8 Finance Street
Central
Hong Kong

**United Overseas Bank Limited, Hong Kong Branch**
6/F, Lee Garden Two,
28 Yun Ping Road,
Causeway Bay
Hong Kong

**Westpac Banking Corporation**
Level 3, Westpac Place
275 Kent Street
Sydney NSW 2000
Australia

**TRUSTEE**
**The Law Debenture Trust Corporation p.l.c.**
Eighth Floor, 100 Bishopsgate
London EC2N 4AG
United Kingdom

**AUDITORS**
**KPMG**
8th Floor Prince's Building
10 Chater Road
Hong Kong

**AGENT**
**Citibank, N.A.**
c/o 1 North Wall Quay
Dublin 1
Ireland

**LEGAL ADVISERS**
*To the Issuers and Guarantor*

*as to Hong Kong and English law*
**Slaughter and May**
47th Floor
Jardine House
One Connaught Place
Central
Hong Kong

*as to Cayman Islands law*
**Maples and Calder (Hong Kong) LLP**
26th Floor, Central Plaza
18 Harbour Road
Wanchai
Hong Kong

*To the Dealers*
*as to Hong Kong and English law*
**Linklaters**
11th Floor
Alexandra House
18 Chater Road
Hong Kong

**PAYING AND TRANSFER AGENTS**

**Citibank, N.A., London**
c/o 1 North Wall Quay
Dublin 1
Ireland

**Citibank, N.A., Hong Kong**
9th Floor
Citi Tower
One Bay East
83 Hoi Bun Road
Kwun Tong
Kowloon
Hong Kong

**HK LODGING AGENT**
**Citibank, N.A., Hong Kong**
9th Floor
Citi Tower
One Bay East
83 Hoi Bun Road
Kwun Tong
Kowloon
Hong Kong

## Appendix 2 - Pricing Supplement

This document is for distribution to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**SEHK**" or "**Hong Kong Stock Exchange**")) ("**Professional Investors**") only.

**Notice to Hong Kong investors:** The Issuer confirms that the Notes are intended for purchase by Professional Investors only and the Notes will be listed on the Hong Kong Stock Exchange on that basis. Accordingly, the Issuer confirms that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

**The SEHK has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Programme or the Notes on the SEHK is not to be taken as an indication of the commercial merits or credit quality of the Programme, the Notes or the Issuer or the Group or quality of disclosure in this document.** Hong Kong Exchanges and Clearing Limited and the SEHK take no responsibility for the contents of this document, 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 document.

This document, together with the Offering Circular, includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer and the Group. The Issuer accepts full responsibility for the accuracy of the information contained in this document and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (as amended, the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Investors should be aware that as CNY Disruption Event (as defined in Condition 7(d) of the Terms and Conditions of the Notes) is specified in this Pricing Supplement and, if by reason of any CNY Disruption Event, the Issuer determines that it is not reasonably practicable to make such payment in Renminbi, the Issuer has the right to postpone the due date of such payment and, if the CNY Disruption Event continues to exist for 14 consecutive calendar days from the original due date, to make the payment in US dollars instead of Renminbi. (Please refer to Condition 7(d) of the Terms and Conditions of the Notes.) There is therefore no assurance that Noteholders will receive each amount payable in Renminbi on the original due date or in Renminbi and that there are various other risks relating to the Notes, the Issuer and its subsidiaries, their business and their jurisdictions of operations which investors should familiarise themselves with before making an investment in the Notes. See **"Risk Factors"** beginning on page 13 of the Offering Circular dated 31 October 2022.

**MTR CORPORATION LIMITED**

**US$7,000,000,000 Debt Issuance Programme (the "Programme")**

SERIES NO: 161

TRANCHE NO: 1

Issue of CNY600,000,000 3 per cent. Fixed Rate Notes due 13 October 2028 (the **"Notes"**)

Issue Price: 100 per cent.

Dealer: Standard Chartered Bank (Hong Kong) Limited

The date of the Pricing Supplement is 9 October 2023

This document constitutes the Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the offering circular of the Programme dated 31 October 2022 (the **"Offering Circular"**). This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular dated 31 October 2022.

| | | |
|---|---|---|
| 1. | Issuer: | MTR Corporation Limited<br>(Legal Entity Identifier:<br>254900IH4U9NHH9AQM97) |
| 2. | Guarantor: | Not Applicable |
| 3. | (i) Series Number: | 161 |
| | (ii) Tranche Number: | 1 |
| 4. | (i) Specified Currency or Currencies: | Chinese Yuan ("**CNY**") |
| | (ii) CNY Disruption Event: | Applicable |
| 5. | Aggregate Nominal Amount: | CNY600,000,000 |
| | (i) Series: | CNY600,000,000 |
| | (ii) Tranche: | CNY600,000,000 |
| 6. | Issue Price: | 100 per cent. of the Aggregate Nominal Amount |
| 7. | (a) Specified Denominations: | CNY1,000,000 |
| | (b) Calculation Amount: | CNY1,000,000 |
| 8. | (i) Issue Date: | 13 October 2023 |
| | (ii) Interest Commencement Date: | Issue Date |
| 9. | Maturity Date: | 13 October 2028, subject to adjustments in accordance with the Modified Following Business Day Convention.<br><br>"**Modified Following Business Day Convention**" means the convention for adjusting any relevant date if it would otherwise fall on a day which is not a Business Day. Such day shall be |

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| | postponed to the next succeeding Business Day unless such day falls in the next calendar month in which event it shall be brought forward to the immediately preceding Business Day.<br><br>For these purposes, "**Business Day**" means a day (other than a Saturday or Sunday or other day on which banking institutions are required or authorised by law or executive order to close) on which commercial banks are open for business and foreign exchange markets settle payments in Hong Kong, Beijing and New York, and on which commercial banks in Hong Kong are open for business and settlement of Renminbi payments. |
| 10. Interest Basis: | 3 per cent. per annum Fixed Rate (further particulars specified below) |
| 11. Redemption/Payment Basis: | Redemption at par |
| 12. Change of Interest or Redemption/ Payment Basis: | Not Applicable |
| 13. Put/Call Options: | Not Applicable |
| 14. (i) Status of the Notes: | Senior, unsubordinated and unsecured |
| (ii) Status of the Guarantee: | Not Applicable |
| 15. Method of distribution: | Non-syndicated |

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

| | |
|---|---|
| 16. **Fixed Rate Note Provisions** | Applicable |
| (i) Fixed Rate of Interest: | 3 per cent. per annum payable annually in arrear |
| (ii) Fixed Interest Date(s): | 13 October in each year, commencing on 13 October 2024, up to and including the Maturity Date, subject to adjustments in accordance with the Modified Following Business Day Convention. |

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| (iii) Fixed Coupon Amount(s): (Applicable to Notes in Definitive Form) | Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Specified Denomination by the Day Count Fraction and rounding the resultant figure to the nearest CNY0.01, CNY0.005 being rounded upwards.<br>For the purposes of this paragraph and the Day Count Fraction referred to herein, "**Calculation Date**" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Fixed Interest Date and each successive period beginning on (and including) a Fixed Interest Date and ending on (but excluding) the next succeeding Fixed Interest Date. |
| (iv) Broken Amount(s): (Applicable to Notes in Definitive Form) | Not Applicable |
| (v) Day Count Fraction (*if different from that specified in Condition 5(a)):* | Actual/365 (Fixed), adjusted |
| (vi) Determination Dates: | Not Applicable |
| (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: | Not Applicable |
| 17. **Floating Rate Note Provisions** | Not Applicable |
| 18. **Zero Coupon Note Provisions** | Not Applicable |
| 19. **Index-Linked Interest Note Provisions** | Not Applicable |
| 20. **Dual Currency Note Provisions** | Not Applicable |

**PROVISIONS RELATING TO REDEMPTION**

| | |
|---|---|
| 21. **Call Option** | Not Applicable |
| 22. **Put Option** | Not Applicable |

| | | |
|---|---|---|
| 23. | **Final Redemption Amount of each Note** | CNY1,000,000 per Calculation Amount |
| 24. | **Early Redemption Amount** | |
| | (i) Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions): | CNY1,000,000 per Calculation Amount |
| | (ii) Redemption for taxation reasons permitted on days other than Interest Payment Dates (Condition 6(b)): | Yes |
| | (iii) Unmatured Coupons to become void upon early redemption (Bearer Notes only) (Condition 7(b)): | Yes |

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

| | | |
|---|---|---|
| 25. | Form of Notes: | Bearer Notes<br>Temporary Global Note exchangeable for a permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the permanent Global Note |
| 26. | Business Day Jurisdiction(s) (Condition 7(c) or other special provisions relating to Payment Dates): | Hong Kong, Beijing and New York |
| 27. | Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): | No |
| 28. | Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: | Not Applicable |

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| 29. Details relating to Instalment Notes: | Not Applicable |
| (i) Instalment Amount(s): | Not Applicable |
| (ii) Instalment Date(s): | Not Applicable |
| (iii) Minimum Instalment Amount: | Not Applicable |
| (iv) Maximum Instalment Amount: | Not Applicable |
| 30. Redenomination, renominalisation and reconventioning provisions: | Not Applicable |
| 31. Consolidation provisions: | Not Applicable |
| 32. Use of proceeds: | As per Offering Circular |
| 33. Other terms: | Not Applicable |

**DISTRIBUTION**

| | |
|---|---|
| 34. (i) If syndicated, names and addresses of Managers and underwriting commitments: | Not Applicable |
| (ii) Date of Subscription Agreement: | Not Applicable |
| (iii) Stabilisation Manager(s) (if any): | Not Applicable |
| 35. If non-syndicated, name and address of Dealer: | Standard Chartered Bank (Hong Kong) Limited<br>15/F, Two International Finance Centre, No. 8 Finance Street, Central, Hong Kong |
| 36. Total commission and concession: | Not Applicable |
| 37. US Selling Restrictions: | Reg S. Category 2; TEFRA D |
| 38. Additional selling restrictions: | Not Applicable |

**GENERAL AND OPERATIONAL INFORMATION**

| | |
|---|---|
| 39. Listing: | The Stock Exchange of Hong Kong Limited |
| 40. Rating: | Moody's: Aa3 |
| 41. ISIN Code: | HK0000954732 |

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|---|---|
| 42. Common Code: | 269380659 |
| 43. CMU Instrument No.: | CIHKFN23028<br><br>CMU acts as a central custodian and clearing agent for Hong Kong dollar denominated debt instruments. The Global Notes will be lodged with CMU and deposited with The Hongkong and Shanghai Banking Corporation Limited as sub-custodian for CMU (or any other sub-custodian for CMU) upon settlement. Thereafter transfers of interests in the Notes are made by computer book entry without the need for physical delivery of definitive notes. Euroclear and Clearstream both maintain accounts with CMU, and members of these clearing systems can hold interests in instruments lodged with CMU through this mechanism. Transfers of interests in the Global Notes will be made in accordance with CMU Rules. Investors should be aware that transfers of interests between members of Euroclear or Clearstream on the one hand, and CMU on the other hand, may be subject to a one day delay for clearance. CMU DvP facility will be utilised. |
| 44. Any clearing system(s) other than Euroclear Bank SA/NV, Clearstream Banking, S.A. and the Central Moneymarkets Unit Service and the relevant identification number(s): | Not Applicable |
| 45. Delivery: | Delivery against payment |
| 46. Names and addresses of additional Paying Agent(s) (if any): | Not Applicable |
| 47. Other Terms: | Not Applicable |
| 48. Net Proceeds: | 100 per cent. of the Aggregate Nominal Amount |

**LISTING APPLICATION**

This Pricing Supplement comprises the final terms required to list the issue of Notes described herein pursuant to the US$7,000,000,000 Debt Issuance Programme of MTR Corporation Limited and MTR Corporation (C.I.) Limited.

**RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:

(Sd.)
……………………………………………………………………………………..

By: Pang Hoi Hing
Treasurer
MTR Corporation Limited

Duly authorised