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MTR CORPORATION LIMITED

香港鐵路有限公司

(the “Company”)

(Incorporated in Hong Kong with limited liability)

(Stock Code: 66)

ANNOUNCEMENT

CONTINUING CONNECTED TRANSACTIONS

Reference is made to the Earlier Announcements and Annual Reports of the Company in relation to two continuing connected transactions: (i) Contract 903 between the Company and LCAL; and (ii) Contract 904 between the Company and JHL and LCAL.

Reference is also made to the Bid Announcement, the Subsequent Announcement and the Filing made by CGI2, a wholly-owned subsidiary of CIMIC, regarding CGI2’s takeover bid for UGL.

The Company notes from the Subsequent Announcement and the Filing that, following the CGI2 Offer, CGI2, a wholly-owned subsidiary of CIMIC, now holds 95.43% of the shares in UGL and accordingly, UGL has become an indirect subsidiary of CIMIC. UGL is an indirect substantial shareholder of MTM which is an indirect subsidiary of the Company. Accordingly, CIMIC has become an indirect substantial shareholder of MTM which is an indirect subsidiary of the Company. As LCAL is an indirect wholly-owned subsidiary of CIMIC and is, therefore, an associate of CIMIC, LCAL has, therefore, become a connected person of the Company again (LCAL was previously a connected person of the Company until April 2015).

As the existing transaction under Contract 903 is a continuing transaction between the Company and LCAL and LCAL has again become a connected person as a result of the CGI2 Offer, such transaction has again become a continuing connected transaction. In addition, given JHL is a party to Contract 904, even prior to LCAL becoming a connected person again as a result of the CGI2 Offer, the transaction under Contract 904 was already a continuing connected transaction with the Company and will continue to be so following the CGI2 Offer.

Pursuant to Rule 14A.60(1) of the Listing Rules, where a continuing transaction subsequently becomes a continuing connected transaction, the listed issuer is required to comply with the annual review and disclosure requirements under Chapter 14A of the Listing Rules in respect of such transaction. Accordingly, the Company is required to comply with the annual review and disclosure requirements under Chapter 14A of the Listing Rules in respect of the transaction under Contract 903 and is also making this announcement in respect of Contract 904 for completeness.

LCAL has become a connected person again

Reference is made to the Earlier Announcements and Annual Reports of the Company in relation to two continuing connected transactions: (i) Contract 903 between the Company and LCAL; and (ii) Contract 904 between the Company and JHL and LCAL.

Reference is also made to the Bid Announcement, the Subsequent Announcement and the Filing made by CGI2, a wholly-owned subsidiary of CIMIC, regarding CGI2's takeover bid for UGL.

MTM is a joint venture company incorporated in Australia. The Company indirectly controls 60% of the voting power at any general meeting of MTM and each of UGL and JHMTA (in the case of JHMTA, following its acquisition of 20% interest in MTM from John Holland on 16 September 2016) indirectly controls 20% of the voting power at any general meeting of MTM. Accordingly, UGL and JHMTA are indirect substantial shareholders of MTM (an indirect subsidiary of the Company) and are, therefore, connected persons of the Company. In addition, as JHL is an associate of JHMTA and John Holland, JHL is also a connected person of the Company.

Until April 2015, LCAL was an associate of John Holland and was, therefore, also a connected person of the Company. As of April 2015, as a result of the transfer of 100% of the equity interests in John Holland Group Pty Ltd and its subsidiaries by Leighton Holdings Limited (now known as CIMIC) to CCCC International Holding Limited, LCAL ceased to be an associate of John Holland and, therefore, ceased to be a connected person of the Company.

The Company notes from the Subsequent Announcement and the Filing that, following the CGI2 Offer, CGI2, a wholly-owned subsidiary of CIMIC, now holds 95.43% of the shares in UGL and accordingly, UGL has become an indirect subsidiary of CIMIC. UGL is an indirect substantial shareholder of MTM which is an indirect subsidiary of the Company. Accordingly, CIMIC has become an indirect substantial shareholder of MTM which is an indirect subsidiary of the Company. As LCAL is an indirect wholly-owned subsidiary of CIMIC and is, therefore, an associate of CIMIC, LCAL has, therefore, become a connected person of the Company again.

Contract 903

On 17 May 2011, the Company entered into Contract 903 with LCAL (as amended by a supplemental agreement on 14 November 2014).

Prior to April 2015 when LCAL was a connected person of the Company, Contract 903 was a continuing connected transaction and the Company complied with the annual review and disclosure requirements under Chapter 14A of the Listing Rules in respect of Contract 903. As of April 2015, the Company ceased to be required to comply with such requirements in respect of Contract 903 given that LCAL had ceased to be a connected person of the Company.

Pursuant to Rule 14A.60(1) of the Listing Rules, given Contract 903 has again become a continuing connected transaction, the Company is required to comply with the annual review and disclosure requirements under Chapter 14A of the Listing Rules in respect of Contract 903.

Details relating to Contract 903 are contained in the Earlier Announcements and Annual Reports.

Contract 904

On 17 May 2011, the Company entered into Contract 904 with JHL and LCAL (as amended by a supplemental agreement on 7 June 2013).

Given JHL is a party to Contract 904, even prior to LCAL becoming a connected person again as a result of the CGI2 Offer, the transaction under Contract 904 was already a continuing connected transaction with the Company and will continue to be so following the CGI2 Offer.

Details relating to Contract 904 are contained in the Earlier Announcements and Annual Reports.

Independent Non-Executive Directors

The Company confirms that, in accordance with Rule 14A.55 of the Listing Rules, the Independent Non-Executive Directors of the Company previously reviewed the transactions under Contract 903 and Contract 904 and confirmed that each of them was entered into:

- (1) in the ordinary and usual course of business (within the meaning of the Listing Rules) of the Group;
- (2) on normal commercial terms or better (within the meaning of the Listing Rules); and
- (3) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Company's shareholders as a whole.

In 2017, the Independent Non-Executive Directors of the Company will again review the transactions under Contract 903 and Contract 904 for the purposes of preparing the financial statements of the year ending 31 December 2016.

Definitions

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

"associate"	has the meaning associated thereto in Chapter 14A of the Listing Rules.
"Bid Announcement"	means the announcement issued by CGI2 dated 10 October 2016 providing its bidder's statement in respect of its off-market takeover bid for all of the ordinary shares in UGL.
"Board"	means the board of Directors of the Company.
"connected person(s)"	has the meaning ascribed thereto in Chapter 14A of the Listing Rules.
"Director(s)"	means the director(s) of the Company.
"CGI2"	means CIMIC Group Investments No. 2 Pty Limited, a wholly owned subsidiary of CIMIC.

“CGI2 Offer”	means the offer dated 25 October 2016 made under the off-market takeover bid by CGI2 for all of the ordinary shares in UGL.
“CIMIC”	means CIMIC Group Limited, a company incorporated in Australia, whose shares are listed on the Australian Securities Exchange and are traded under the stock code “CIM”.
“Contract 903”	means Contract 903 between the Company and LCAL for the construction of the works in relation to the South Island Line (East).
“Contract 904”	means Contract 904 between the Company, JHL and LCAL for the construction of the works in relation to the South Island Line (East).
“Earlier Announcements and Annual Reports”	means the announcements of the Company dated 18 May 2011 in relation to Contract 903 and Contract 904 and the annual reports of the Company for the year ended 31 December 2011, 31 December 2012, 31 December 2013, 31 December 2014 and 31 December 2015.
“Filing”	Form 604 (notice of change of interests of substantial shareholder) filed by CGI2 on 22 December 2016, which is available on the Australian Securities Exchange’s website.
“JHL”	means John Holland Pty Ltd.
“JHMTA”	means John Holland MTA Pty Ltd.
“John Holland”	means John Holland Melbourne Rail Franchise Pty Ltd.
“LCAL”	means Leighton Contractors (Asia) Limited.
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange.
“MTM”	means Metro Trains Melbourne Pty. Ltd., a joint venture company incorporated in Australia.
“South Island Line (East)”	means the railway running from Admiralty Station to South Horizons Station, with three intermediate stations at Ocean Park, Wong Chuk Hang and Lei Tung.
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“Subsequent Announcement”	means the announcement issued by CGI2 dated 7 December 2016 in which it stated that the offer period in respect of the CGI2 Offer has been extended to 7.00 pm (AEDT), 21 December 2016 and will not be further extended.

“UGL”

means UGL Limited, a company incorporated in Australia, whose shares are listed on the Australian Securities Exchange and are traded under the stock code “UGL”.

By order of the Board
Gillian Elizabeth Meller
Company Secretary

Hong Kong, 22 December 2016

As at the date of this announcement:

Members of the Board: Professor Frederick Ma Si-hang (*Chairman*)**, Lincoln Leong Kwok-kuen (*Chief Executive Officer*), Pamela Chan Wong Shui*, Dr Dorothy Chan Yuen Tak-fai*, Vincent Cheng Hoi-chuen*, Anthony Chow Wing-kin*, Dr Eddy Fong Ching*, James Kwan Yuk-choi*, Lau Ping-cheung, Kaizer*, Lucia Li Li Ka-lai*, Alasdair George Morrison*, Ng Leung-sing*, Abraham Shek Lai-him*, Benjamin Tang Kwok-bun*, Dr Allan Wong Chi-yun*, Professor Chan Ka-keung, Ceajer (Secretary for Financial Services and the Treasury)**, Secretary for Transport and Housing (Professor Anthony Cheung Bing-leung)**, Permanent Secretary for Development (Works) (Hon Chi-keung)** and Commissioner for Transport (Ingrid Yeung Ho Poi-yan)**

Members of the Executive Directorate: Lincoln Leong Kwok-kuen, Jacob Kam Chak-pui, Margaret Cheng Wai-ching, Morris Cheung Siu-wa, Peter Ronald Ewen, Herbert Hui Leung-wah, Adi Lau Tin-shing, Gillian Elizabeth Meller, Linda So Ka-pik, David Tang Chi-fai, Philco Wong Nai-keung and Jeny Yeung Mei-chun

* *independent non-executive Director*

** *non-executive Director*

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