
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this 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 this circular.

No Shareholder receiving a copy of this circular and/or an Election Form in any territory outside Hong Kong may treat the same as an invitation to elect for Shares unless in the relevant territory such invitation could lawfully be made to him/her without the Company having to comply with any registration or other legal requirements, governmental or regulatory procedures or any other similar formalities. It is the responsibility of any Shareholder outside Hong Kong who wishes to receive Scrip Shares under the Scrip Dividend Scheme to comply with the laws of the relevant jurisdictions including applicable procedures or any other similar formalities.



MTR CORPORATION LIMITED 香港鐵路有限公司

(Incorporated in Hong Kong with limited liability)
(Stock Code: 66)

Board of Directors:

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

* *Independent non-executive Director*

** *Non-executive Director*

Registered Office:

MTR Headquarters Building
Telford Plaza
Kowloon Bay
Kowloon
Hong Kong

6 September 2018

To: the shareholders of MTR Corporation Limited and
the option holders under the 2007 Share Option Scheme and
the award holders of the Executive Share Incentive Scheme of MTR Corporation Limited
(for information only)

Dear Sir or Madam,

SCRIP DIVIDEND SCHEME - 2018 INTERIM DIVIDEND

1. INTRODUCTION

2018 Interim Dividend

On 9 August 2018, the Board of Directors (the '**Board**') of MTR Corporation Limited (the '**Company**') announced the Company's unaudited interim results for the six month period ended 30 June 2018 and an interim dividend of HK\$0.25 per ordinary share in the Company (each, a '**Share**') (the '**2018 Interim Dividend**') which is expected to be distributed on 12 October 2018 to the shareholders of the Company (the '**Shareholders**') whose names appeared on the register of members of the Company (the '**Register of Members**') as at the close of business on 29 August 2018 (the '**Record Date**'), with an option to receive the 2018 Interim Dividend wholly or partly in new and fully paid Shares in lieu of cash under the Scrip Dividend Scheme as more particularly described below.

For the purpose of ascertaining Shareholders' entitlement to the 2018 Interim Dividend, the Register of Members was closed from 24 August 2018 to 29 August 2018 (both dates inclusive) during which no transfer of Shares were effected. To qualify for the 2018 Interim Dividend, all completed transfer documents, accompanied by the relevant share certificates, had to be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited (the 'Share Registrar'), at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on 23 August 2018 (Hong Kong time).

Scrip Dividend Scheme

At the annual general meeting of the Company (the 'AGM') held on 8 May 2014, Shareholders passed a resolution authorising the Board to offer Shareholders the right to choose to receive new shares of the Company to be issued under the scrip dividend scheme (the 'Scrip Dividend Scheme') and credited as fully paid (the 'Scrip Shares') instead of the whole or part of their cash dividend in respect of some or all of the dividends (including any interim and/or final dividends) which may be declared or paid in the period up to and including the AGM which is held in the fifth year after the passing of the relevant resolution (i.e. in 2019).

Shareholders whose names appeared on the Register of Members on the Record Date (other than Shareholders with registered addresses in New Zealand or the United States of America or any of its territories or possessions (collectively the 'Excepted Shareholders')) (the 'Qualifying Shareholders') will have the non-transferable right to choose to receive Scrip Shares instead of the whole or part of their cash dividend for the six month period ended 30 June 2018. In addition, the Board is offering Qualifying Shareholders the right to choose to receive Scrip Shares instead of cash for future interim and final dividends declared after the 2018 Interim Dividend (the 'Future Dividends') if a scrip dividend option is available, until such Qualifying Shareholders provide the Share Registrar, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong with notice in writing that they no longer wish to receive Scrip Shares.

The purpose of this circular is to inform you about the procedures applicable to the Scrip Dividend Scheme and the action which should be taken by Shareholders in relation thereto.

2. DETAILS OF THE CHOICES IN RESPECT OF THE 2018 INTERIM DIVIDEND

Qualifying Shareholders have the following alternative choices in respect of the 2018 Interim Dividend:

- (a) cash of HK\$0.25 per Share; or
- (b) an allotment of Scrip Shares (the number of which is determined as explained below); or
- (c) partly in cash and partly in Scrip Shares.

A Qualifying Shareholder who elects to receive Scrip Shares instead of some or all of his/her cash dividend will be entitled to Shares whose total Relevant Value (see below) is as near as possible to the cash dividend he/she would have received in respect of the existing Shares for which he/she has opted to receive Scrip Shares. The Relevant Value of a Share is HK\$40.14 which is the average value of the Shares for the five dealing days starting from, and including, 22 August 2018 (being the day when the Shares were first quoted ex-dividend) (the 'Relevant Value'). Pursuant to Article 135(b) of the Company's Articles of Association, such average value is worked out from the average middle market quotations for the Shares on The Stock Exchange of Hong Kong Limited (the 'Hong Kong Stock Exchange'), as published by the Hong Kong Stock Exchange.

Accordingly, the number of Scrip Shares which a Qualifying Shareholder will receive, in respect of the existing Shares registered in his/her name on the Record Date and for which he/she has elected to receive Scrip Shares, will be calculated as follows:

Formula:

$$\text{Number of Scrip Shares to be received} = \text{Number of registered Shares held on the Record Date for which scrip election is made for the 2018 Interim Dividend} \times \frac{\text{2018 Interim Dividend per Share HK\$0.25}}{\text{Relevant Value per Share HK\$40.14}}$$

The number of Scrip Shares to be received by each Qualifying Shareholder pursuant to his/her election will be rounded down to the nearest whole number of the Scrip Shares. Fractional entitlements to Scrip Shares in respect of choices (b) and (c) above will be distributed in the form of cash dividend to the respective Qualifying Shareholders concerned. The Scrip Shares issued in respect of the 2018 Interim Dividend will, when they are issued, rank *pari passu* in all respects with the existing issued Shares except that such Scrip Shares themselves will not rank for the 2018 Interim Dividend.

3. ACTION TO BE TAKEN

(I) If you have already given standing instructions to receive only Scrip Shares

No election form for the 2018 Interim Dividend (the 'Election Form') is being sent to Shareholders who have already given standing instructions to receive only Scrip Shares under the Scrip Dividend Scheme or any previous scrip dividend scheme of the Company ('Previous Scheme'). If you have already given such standing instructions, you need not take any further action if you wish to receive only Scrip Shares for the 2018 Interim Dividend. If you have already given standing instructions to receive only Scrip Shares under the Scrip Dividend Scheme or any Previous Scheme but you wish to receive only cash for the 2018 Interim Dividend, a letter revoking your standing instructions must be received by the Share Registrar by **4:30 p.m. on 24 September 2018 (Hong Kong time)** (the 'Closing Time'). If you have already given standing instructions to receive only Scrip Shares under the Scrip Dividend Scheme or any Previous Scheme but you wish to receive Scrip Shares for part of the 2018 Interim Dividend, a letter revoking your standing instructions together with a duly completed Election Form (completed in accordance with section (II)(d) below) must be received by the Share Registrar by the Closing Time. In order to meet this deadline, please make sure you ask the Share Registrar for an Election Form in time to return it to them by the Closing Time.

(II) If you have NOT previously given standing instructions to receive Scrip Shares

If you have not previously given standing instructions to receive Scrip Shares under the Scrip Dividend Scheme or any Previous Scheme, an Election Form is enclosed with this circular for your use. Please read carefully the instructions below and the instructions printed on the Election Form.

If you wish to receive the 2018 Interim Dividend and Future Dividends wholly in cash, you do not need to take any action nor do you need to return the Election Form.

(a) To receive only Scrip Shares for the 2018 Interim Dividend

If you wish to receive only Scrip Shares for the 2018 Interim Dividend, please INSERT a tick (✓) in Box C, then SIGN, DATE and RETURN the Election Form.

(b) To receive cash for the 2018 Interim Dividend and only Scrip Shares for Future Dividends for which a scrip dividend option is available

If you wish to receive cash for the 2018 Interim Dividend and, in respect of ALL Shares registered in your name on the relevant record date(s), only Scrip Shares instead of cash for Future Dividends for which a scrip dividend option is available, please INSERT a tick (✓) in Box D of the Election Form. Then SIGN, DATE and RETURN the Election Form.

(NOTE: You cannot choose to receive your Future Dividend entitlements partly in cash and partly in Scrip Shares. Therefore, if you insert a tick (✓) in Box D of the Election Form, unless and until you cancel such election by notice in writing to the Share Registrar, you will receive only Scrip Shares for Future Dividends for which a scrip dividend option is available for all of the Shares registered in your name on the relevant record date(s), without having to complete any further Election Forms.)

(c) To receive only Scrip Shares for both the 2018 Interim Dividend and the Future Dividends for which a scrip dividend option is available

If you wish to receive only Scrip Shares for both the 2018 Interim Dividend and Future Dividends for which a scrip dividend option is available, in respect of ALL Shares registered in your name on the relevant record date(s), please INSERT a tick (✓) in Box E of the Election Form. Then SIGN, DATE and RETURN the Election Form.

(NOTE: You cannot choose to receive your Future Dividend entitlements partly in cash and partly in Scrip Shares. Therefore, if you insert a tick (✓) in Box E of the Election Form, you will receive only Scrip Shares for the 2018 Interim Dividend and the Future Dividends. Unless and until you cancel such election by notice in writing to the Share Registrar, you will receive only Scrip Shares for Future Dividends for which a scrip dividend option is available for all of the Shares registered in your name on the relevant record date(s), without having to complete any further Election Forms.)

(d) To receive part cash and part Scrip Shares for the 2018 Interim Dividend

If you wish to receive your 2018 Interim Dividend partly in cash and partly in Scrip Shares, please INSERT a tick (✓) in Box F of the Election Form and INSERT the number of Shares which you held on the Record Date for which you require the 2018 Interim Dividend to be paid in Scrip Shares. Then SIGN, DATE and RETURN the Election Form.

(NOTE: If you do not insert the number of Shares which you held on the Record Date for which you elect to receive the 2018 Interim Dividend in Scrip Shares, or if you elect to receive Scrip Shares in respect of a greater number of Shares than your registered holding on the Record Date, you will be deemed to have elected to receive only Scrip Shares in respect of ALL the Shares registered in your name on the Record Date. Therefore, you will receive only Scrip Shares for the 2018 Interim Dividend.)

How and when to return your Election Form

If you need to return an Election Form, you should return it to the Share Registrar, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong so that it is received by the Share Registrar by the Closing Time. If the Share Registrar does not receive your completed and signed Election Form by the Closing Time, you will receive the whole of your 2018 Interim Dividend in cash and any election which you may have made in such Election Form will be of no effect. The Closing Time will be adjusted, as the case may be, in accordance with (a) or (b) below if there is a Typhoon Signal No. 8 or above, or a Black Rainstorm Warning:

- (a) in force in Hong Kong at any local time before 12:00 noon on 24 September 2018. In such a case, the Closing Time will be extended to 5:00 p.m. on the same business day; or
- (b) in force in Hong Kong at any local time between 12:00 noon and 4:30 p.m. on 24 September 2018. In such a case, the Closing Time will be extended to 4:30 p.m. on the next business day which does not have either of the above warnings in force at any time between 9:00 a.m. and 4:30 p.m..

The Election Form is for the use of the Qualifying Shareholders only. The right to Scrip Shares instead of the whole or part cash dividend is non-transferable. If the Election Form is completed by a person who is not a Qualifying Shareholder, the Election Form will be void and of no effect.

For the avoidance of doubt, other than the options provided in the Election Form, no other requests which are written on the Election Form will be processed.

No acknowledgement of receipt of the Election Form will be issued.

No election in respect of the 2018 Interim Dividend may, after the relevant Election Forms are signed and returned to the Share Registrar, be in any way withdrawn, revoked, superseded or altered.

4. CONDITION(S) OF THE SCRIP DIVIDEND SCHEME

The Scrip Dividend Scheme described in this circular is conditional upon the Listing Committee of the Hong Kong Stock Exchange granting listing of, and permission to deal in, the Scrip Shares to be issued in respect of the 2018 Interim Dividend.

If this condition is not satisfied, the Scrip Dividend Scheme described in this circular will not become effective and the Election Forms will be void and the 2018 Interim Dividend will then be paid wholly in cash.

5. SHAREHOLDERS RESIDENT OUTSIDE HONG KONG

Excepted Shareholders will not be permitted to participate in the Scrip Dividend Scheme and they will receive the 2018 Interim Dividend wholly in cash. Having obtained and taken into consideration legal opinions in respect of the relevant jurisdictions, the Directors considered such exclusion to be necessary and expedient pursuant to Rule 13.36(2) of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange. Excepted Shareholders are therefore not 'Qualifying Shareholders' for the purposes of the Scrip Dividend Scheme and no Election Form is being sent to them.

Save for Excepted Shareholders, all Shareholders resident outside Hong Kong should consult their professional advisers as to whether or not they are permitted to participate in the Scrip Dividend Scheme or whether any government or other consents are required or other formalities need to be observed. No Shareholder receiving a copy of this circular and/or an Election Form in any territory outside Hong Kong may treat the same as an invitation to elect for Shares unless in the relevant territory such invitation could lawfully be made to him/her without the Company having to comply with any registration or other legal requirements, governmental or regulatory procedures or any other similar formalities. It is the responsibility of any Shareholder with a registered address outside Hong Kong who wishes to receive Scrip Shares under the Scrip Dividend Scheme to comply with the laws of the relevant jurisdictions including procedures or any other similar formalities. Persons who receive Scrip Shares in lieu of the cash dividend must also comply with any restrictions on the resale of the Shares which may apply outside Hong Kong. It is a term of this offer of Scrip Shares under the Scrip Dividend Scheme that this offer is made in compliance with the laws of Hong Kong and all other relevant codes, rules and other requirements relating to the offer that apply in Hong Kong.

6. LISTING, CLEARING AND SETTLEMENT

Application has been made to the Listing Committee of the Hong Kong Stock Exchange for listing of, and permission to deal in, the Scrip Shares.

Subject to the granting of the listing of, and permission to deal in, the Scrip Shares issued pursuant to the Scrip Dividend Scheme on the Hong Kong Stock Exchange, such Scrip Shares will be accepted as eligible securities by Hong Kong Securities Clearing Company Limited ('HKSCC') for deposit, clearance and settlement in the Central Clearing and Settlement System ('CCASS') with effect from the commencement date of dealings in the Scrip Shares on the Hong Kong Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second business day after any trading day. Shareholders should seek the advice of their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests. All activities under CCASS are subject to the Operating Guide for Investor Participants, the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

The Company's Shares are listed on the Hong Kong Stock Exchange and are traded on the Tradegate Exchange based in Berlin, Gettex of the Munich Stock Exchange, Quotrix of the Dusseldorf Stock Exchange and in the Regulated Unofficial Market (Open Market) on the Frankfurt Stock Exchange. The Company's debt issuance programme ('DIP') is listed on the Hong Kong Stock Exchange. As at 28 August 2018 (being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular), the notes issued under the DIP and listed on the Hong Kong Stock Exchange comprise US\$600 million fixed rate notes due 2026, AU\$50 million fixed rate notes due 2029, AU\$30 million fixed rate notes due 2032, and US\$50 million and US\$30 million fixed rate notes both due 2046, all of which are issued by MTR Corporation (C.I.) Limited, a wholly-owned subsidiary of the Company, and guaranteed by the Company, as well as US\$90 million fixed rate notes due 2043, US\$40 million and US\$30 million fixed rate notes both due 2046, and US\$90 million, HK\$338 million and US\$100 million fixed rate notes all due 2047, all of which are issued by the Company. Save as disclosed above, there is no other stock exchange on which the Company's Shares or debt securities are listed or dealt in or on which listing or permission to deal is being or proposed to be sought at this time.

7. GENERAL

Scrip Shares issued to Qualifying Shareholders pursuant to an election to receive some or all of their 2018 Interim Dividend in Scrip Shares may be allocated in odd lots (of fewer than a board lot of 500 Shares). No special dealing arrangements will be put in place by the Company to facilitate the trading or disposal of Scrip Shares issued in odd lots. Qualifying Shareholders should be aware that odd lots usually trade at a discount to the price of board lots.

Whether or not it is to your advantage to elect to receive Scrip Shares instead of cash, in whole or in part, in respect of the 2018 Interim Dividend and/or the Future Dividends for which a scrip dividend option is available will depend upon your own individual circumstances and the decision in this regard, and all effects resulting therefrom must be solely your responsibility. **If you are in any doubt as to what to do, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.** Shareholders who are trustees are recommended to take professional advice as to whether an election to receive Scrip Shares is within their powers and as to the effect of such election having regard to the terms of the relevant trust instrument.

8. TIMETABLE

Set out below is a summary of the events in relation to the Scrip Dividend Scheme:

Event	Date/Time
Record Date	29 August 2018, close of business
Closing time for return of Election Form (and, if applicable, return of letter revoking any previous standing instructions to receive only Scrip Shares for the 2018 Interim Dividend and all the Future Dividends for which a scrip dividend option is available) by Qualifying Shareholders	24 September 2018, 4:30 p.m.
Expected despatch of cheques for cash dividends and/or definitive certificates for Scrip Shares by ordinary post at the risk of recipients	12 October 2018
Expected first day of dealings in Scrip Shares (subject to the proper receipt of definitive certificates for Scrip Shares by the relevant Shareholders)	15 October 2018

Note: References to time and dates in this circular are to Hong Kong time and dates.

Yours faithfully,
By Order of the Board
Gillian Elizabeth Meller
Company Secretary

IF YOU HAVE ANY QUERIES IN RELATION TO THE SCRIP DIVIDEND SCHEME, PLEASE CALL THE FOLLOWING TELEPHONE HOT-LINE: (852) 2862 8555.

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

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

* Independent non-executive Director

** Non-executive Director

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