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## 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\$5,000,000,000**

### **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. 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\$5,000,000,000 (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 will be made to The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") for the listing of the Programme 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) and to professional investors (as defined in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)) (together, "Professional Investors") only during the 12-month period from the date of this document on the Hong Kong Stock Exchange. This document is for distribution to Professional Investors only. **Investors should not purchase the Notes in the primary or secondary markets unless they are Professional Investors and understand the risks involved. The Notes are only suitable for Professional Investors. 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 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 unless the Notes are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available.

**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 (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 (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.

**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.

**Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) 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)Aa2 (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 Securities  
MUFG  
Standard Chartered Bank (Hong Kong) Limited  
Westpac Banking Corporation

31st October 2019

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

**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 and the Guarantor. 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 Arrangers 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 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 "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 "Macau" are references to the Macau 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, excludes Hong Kong, Taiwan and Macau.*

**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 2017 and 31st December 2018 together with the audit reports prepared in connection therewith; (b) the audited annual financial statements of MTR Cayman for the years ended 31st December 2017 and 31st December 2018 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 2019 together with the review report prepared in connection therewith; (d) the latest published annual or interim results announcements of MTRCL from time to time (if any); (e) the latest published sustainability report of MTRCL from time to time; and (f) the latest Green Finance Framework and Green Finance Report of MTRCL that are published on MTRCL’s website ([www.mtr.com.hk](http://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](http://www.mtr.com.hk)) and/or the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://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.*

<b>Issuer</b>	MTRCL or MTR Cayman.
<b>Guarantor (if MTR Cayman is the relevant Issuer)</b>	MTRCL.
<b>Description</b>	Guaranteed Debt Issuance Programme.
<b>Arranger</b>	The Hongkong and Shanghai Banking Corporation Limited.
<b>Dealers</b>	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 Westpac Banking Corporation
	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.
<b>Agent, Principal Paying Agent, Transfer Agent and Registrar</b>	Citibank, N.A.
<b>HK Reference, Lodging, Paying and Transfer Agent</b>	Citibank, N.A., Hong Kong Branch.

<b>Paying and Transfer Agents</b>	Citibank, N.A. and Citibank N.A., Hong Kong Branch.
<b>Trustee</b>	The Law Debenture Trust Corporation p.l.c.
<b>Amount</b>	Up to US\$5,000,000,000 (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.
<b>Distribution</b>	Notes may be distributed by way of private placement on a syndicated or non-syndicated basis.
<b>Currencies</b>	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).
<b>Redenomination</b>	Notes may, in certain circumstances, be redenominated into euro as provided in Condition 10 under “Terms and Conditions of the Notes” (the “Conditions”).
<b>Maturities</b>	Subject to compliance with all relevant laws, regulations and directives, the Notes will have any maturity that is one month or greater.
<b>Issue Price</b>	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.
<b>Form of Notes</b>	<p>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.</p> <p>See “Summary of Provisions relating to the Notes while in Global Form”.</p>
<b>Fixed Rate Notes</b>	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.

**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.

<b>Denomination of Definitive Notes</b>	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).
<b>Taxation</b>	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.
<b>Guarantee and Status of the Notes</b>	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 <i>pari passu</i> 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.
<b>Negative Pledge</b>	The Conditions will, unless the applicable Pricing Supplement indicates otherwise, contain a negative pledge provision as described in Condition 2(b).
<b>Cross Default</b>	The Conditions will, unless the applicable Pricing Supplement indicates otherwise, contain a cross default provision as described in Condition 12(b).
<b>Listing and Trading</b>	Application will be 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 from 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 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).

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.

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, including the use of air-conditioning on all buses;
- (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 85 to 86 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 85 to 86 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 85 to 86 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 78). 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.

During 2018 and 2019, MTRCL has had to deal with incidents relating to the Shatin to Central Link project, namely allegations concerning workmanship in relation to the Hung Hom Station extension and an insufficiency of construction records and certain construction issues at the adjacent structures of Hung Hom Station, 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 has set up a Commission of Inquiry to investigate matters relating to the Hung Hom Incidents (the “COI”). The Chief Executive in Council approved, at the request of the COI, an extension of time for the COI to submit its final report to the Chief Executive on or before 29th November 2019. In July 2019, MTRCL submitted two final reports to the Government in respect of the Hung Hom Incidents containing, inter alia, proposals for suitable measures to achieve code compliance, and the conclusions therein have been accepted by the Government and its expert advisor team. MTRCL cannot assure investors that the Hung Hom Incidents will not adversely affect the public’s perception of MTRCL.

In order to progress the Shatin to Central Link project and to facilitate the phased opening of the Tuen Ma Line in the first quarter of 2020, MTRCL will fund, on an interim and without prejudice basis, certain costs arising from the Hung Hom Incidents and certain costs associated with the phased opening of the Tuen Ma Line whilst reserving its position as to the ultimate liability for such costs. MTRCL cannot assure investors that ultimately, the entirety of this amount will or will not need to be funded. A provision of HK\$2 billion has been made in MTRCL’s consolidated profit and loss account for the half year ended 30th June 2019. MTRCL is currently not able to measure with sufficient reliability the ultimate amount of MTRCL’s obligation or liability arising from the Shatin to Central Link project.

Please refer to pages 81 to 85 for further information relating to the Shatin to Central Link project.

Increases in patronage will also be affected by macro-economic factors, such as population, employment growth and visitors arrival growth and distribution and changes in demographics and economic conditions. In addition, increases in patronage will 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 mitigate the effects of any upward fare increase in accordance with the FAM by offering discounts and concessions to certain passengers. Please see pages 78 to 80 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 Government, thereby advancing the next scheduled review by one year (the "Early Review"). The Early Review was completed in 2017 (see pages 78 to 80 for more details). 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 Company's railway operations continue to expand into other jurisdictions, if the Company is not able to increase its fares in a jurisdiction to cover increasing costs of operations, this may adversely affect the Company's profitability in operating railways in that jurisdiction.

*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 the PRC, Europe and Australia (see pages 91 to 96 for more details). These investments outside Hong Kong are subject to the risks of investing in those specific countries, as well as risks generally associated with doing business in a new country. For example, MTRCL is working to overcome the challenges faced by the South Western Railway franchise in the UK and the Stockholms pendeltåg concession in Sweden. The financial performance of the South Western Railway franchise has continued to be impacted by a number of adverse factors, as a result of which the relevant franchise agreement is considered as an onerous contract and a provision of GBP43 million has been

made in MTRCL's consolidated profit and loss account for the half year ended 30th June 2019 which represents its share of the maximum potential loss under the franchise agreement. In respect of the Stockholms pendeltåg, although operational performance demonstrated satisfactory improvement in the first half of 2019, there are still challenges relating to a nationwide lack of drivers and infrastructure performance under the control of a third party. MTR Pendeltågen AB, which operates the Stockholms pendeltåg, will likely remain in a loss-making position for a few years. Furthermore, MTRCL understands that the Shenzhen Municipal Government is undergoing the statutory process in relation to a fare adjustment in the Shenzhen Metro Network. If appropriate fare adjustments and the adjustment mechanism are not implemented soon, the long-term financial viability of Shenzhen Metro Line 4, which is operated by MTR Corporation (Shenzhen) Limited, will be affected.

As such, MTRCL also cannot assure investors that it will be successful in carrying out new projects that are in markets outside Hong Kong 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 a majority shareholder 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 72 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 78) 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, the PRC 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 PRC 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 the PRC.

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 the PRC. 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). At the same time, the Government also indicated that it will introduce a new tax on first-hand private residential units in relation to which an occupation permit has been issued for 12 months or more and which remain unoccupied for more than six months in any year at two times the rateable value of such vacant residential units (“Proposed Vacancy Tax”). The Proposed Vacancy Tax will need to be approved by the Legislative Council and passed as legislation before it can be levied. The Proposed Vacancy Tax aims to encourage developers to release first-hand private residential units more quickly into the market. Together, these regimes (i.e. introducing new types of stamp duties and the Proposed Vacancy Tax, 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.

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 PRC government to control inflation in the PRC, interest rate movements in the United States and the sovereign debt crisis in Europe, could also affect the property market in Hong Kong and the PRC.

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 the PRC, the targeted revenue from property development could be significantly reduced. MTRCL’s property business in the PRC could be affected by the PRC government’s land policy 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 ongoing 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. 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 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 the PRC, Singapore, Taiwan, Canada and certain other areas 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, a different strand of avian influenza, were first reported in the PRC, and since then, various cases of the H7N9 virus have been reported in Hong Kong. MTRCL cannot assure investors that there will not be any future outbreak of SARS, avian influenza, swine influenza or any other contagious diseases for which there may be no known cure or vaccine. Any future outbreak of 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 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 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.

#### *Implementation of HKFRS 16, Leases*

HKFRS 16, *Leases* became effective for accounting periods beginning on or after 1st January 2019. HKFRS 16 introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases (except for leases that have a lease term of 12 months or less and leases of low value assets) and depreciation of right-of-use assets separately from interest on lease liabilities in profit or loss.

HKFRS 16 primarily affects the Group's accounting as a lessee of leases for other property, plant and equipment and investment properties which are currently classified as operating leases. The adoption of HKFRS 16 is solely due to the issuance of a new accounting standard which has resulted in an accounting impact on the unaudited consolidated financial results of the Group for the six months ended 30th June 2019 as presented in this Offering Circular. At initial application of the new standard on 1st January 2019, the Group has selected to use the modified retrospective approach, and has recognised the difference between the right-of-use assets, the lease liability and related net deferred tax as an adjustment to the opening balance of equity at 1st January 2019. The audited consolidated financial statements of the Group for the years ended 31st December 2018 and 31st December 2017 and the unaudited consolidated financial results of the Group for the six months ended 30th June 2018 (in each case as presented and/or incorporated by reference in this Offering Circular) have not been restated and do not reflect the impact of adoption of this new accounting standard. Investors should therefore take the above into consideration when making comparisons of any financial results for the six months ended 30th June 2019 against the Group's historical financial results for the years ended 31st December 2018 and 31st December 2017 and the six months ended 30th June 2018 and when evaluating the Group's financial condition and results of operations.

### ***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 78) 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 the PRC***

*Economic, political and legal developments in Hong Kong and the PRC 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 People's Republic of China, or PRC, on 1st July 1997 when the PRC resumed the exercise of sovereignty over Hong Kong. The basic policies of the PRC 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 recent public order events in Hong Kong, MTRCL's train operations have been affected and station and other facilities have been damaged and vandalised. There are costs associated with the repair and/or replacement of the damaged facilities and in enhancing staffing and security of the railway facilities. MTRCL's patronage and the general use of public transport has also been affected. MTRCL cannot assure investors that economic, political and legal developments in Hong Kong and the PRC (for example, China-US trade tensions, caution in the world markets, a weaker local economy and ongoing 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 the PRC 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 three cross-border stations, namely, Lo Wu, Lok Ma Chau and Hung Hom. 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 the PRC, 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, the PRC 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 the ongoing social unrest and public order events) and by the performance of the economies of the PRC and neighbouring Asian countries. As a result, adverse economic developments in Hong Kong, the PRC 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 the PRC and other countries, adverse economic developments in the PRC or in the countries 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, and recently strengthened the mechanism of, 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.

*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 such as LIBOR. 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 the PRC.*

Renminbi is not freely convertible at present. The PRC 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 by the PRC government of control over routine foreign exchange transactions under current accounts. Remittance of Renminbi by foreign investors into the PRC 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 in the PRC on the remittance of Renminbi into the PRC 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 PRC 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 in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC.

Further, if any new PRC 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 the PRC in Renminbi, the Issuer will need to source Renminbi offshore to finance its obligations under the Notes, and its ability to do so will be subject to the overall availability of Renminbi outside the PRC.

Holders of beneficial interests in the Notes denominated in Renminbi may be required to provide certifications and other information (including Renminbi account information) in order to allow such holder 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 “PRC Currency Controls” for further details.

*There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of RMB Notes and the Issuer's ability to source Renminbi outside the PRC to service RMB Notes.*

As a result of the restrictions by the PRC government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited.

Currently, licensed banks in Singapore, Hong Kong and Taiwan may offer limited Renminbi-denominated banking services to Singapore residents, Hong Kong residents, Taiwan residents and specified business customers. The People's Bank of China ("PBOC") has also established a Renminbi clearing and settlement system for participating banks in various countries, through settlement agreements on the clearing of Renminbi business with financial institutions in a number of financial centres and cities, which have been permitted to engage in the settlement of Renminbi trade transactions.

However, the current size of Renminbi-denominated financial assets outside the PRC 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 of up to RMB20,000 per person per day 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 PRC laws and regulations on foreign exchange. There is no assurance that new PRC 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 the PRC 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.

*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 the PRC and international political and economic conditions and by many other factors. If an investor measures its investment returns by reference to a currency other than Renminbi, an investment in the Renminbi 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.*

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 the PRC).

*Gains on the transfer of the RMB Notes may become subject to income taxes under PRC tax laws.*

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 the PRC. 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 the PRC and be subject to PRC tax. This will depend on how the PRC tax authorities interpret, apply or enforce the PRC Enterprise Income Tax Law and its implementation rules.

Therefore, if non-resident enterprise holders are required to pay PRC income tax on gains on the transfer of the 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 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.

*United Kingdom's withdrawal from the European Union may adversely affect general market conditions.*

On 29th March 2017, the United Kingdom submitted a formal notification of its intention to withdraw from the European Union, a process that is unprecedented in European Union history. This could result in significant macroeconomic deterioration. In addition, there are concerns that these events could push the United Kingdom, the Eurozone and/or the United States into an economic recession, any of which, were they to occur, would further destabilise the global financial markets. In general, any change in geopolitical, social and economic conditions could result in increased volatility in worldwide financial markets.



## 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 further amended, supplemented, novated or restated, 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 further amended, supplemented, restated or novated, 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 further amended, supplemented, restated or novated, 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); and
- (ii) any Charge over any assets (or related documents of title) purchased by the Issuer or the Guarantor 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.

### **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 (TARGET2) System (the “TARGET2 System”) is operating (a “TARGET2 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 London inter-bank offered rate (“LIBOR”), 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”), the London inter-bank bid rate (“LIBID”) or the London inter-bank mean rate (“LIMEAN”).

*(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 LIBOR, or 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 LIBOR or 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:

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

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” 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 D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> 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:

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

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” 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 D<sub>2</sub> 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:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D<sub>1</sub>” 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 D<sub>1</sub> will be 30; and

“D<sub>2</sub>” 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 D<sub>2</sub> 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]<sup>1</sup> 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 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

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<sup>1</sup> Delete if MTR Corporation Limited is the Issuer.

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 Amortised 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, payment 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 as notified to the HK Lodging Agent by the CMU in a relevant CMU Instrument Position Report (as defined in the CMU Rules) or any relevant notification by CMU, which notification shall be conclusive evidence of the records of CMU (save in the case of manifest error) 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 as notified to the HK Lodging Agent by CMU in a relevant CMU Instrument Position Report (as defined in the CMU Rules) or any other relevant notification by CMU (which notification, in either case, shall be conclusive evidence of the records of CMU save in the case of manifest error) (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) 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]<sup>1</sup> or any authority having power to levy tax in Hong Kong [or the Cayman Islands]<sup>1</sup>, 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]<sup>1</sup> 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

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<sup>1</sup> Delete if MTR Corporation Limited is the Issuer.



- (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.

## **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 or any Connected Company (as that term is defined in the Trust Deed) of the Issuer or the Guarantor shall default in the payment of any principal of or interest on any obligation for Borrowed Money beyond any period of grace provided in respect thereof, or (ii) the Issuer or any Connected Company of the Issuer or the Guarantor or any Connected Company of the Guarantor shall fail to honour when due and called upon any guarantee of any indebtedness for Borrowed Money, or (iii) indebtedness of the Issuer or any Connected Company of the Issuer or the Guarantor or any Connected Company of 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) (other than due to the Government of Hong Kong ceasing after 4th October 2020 to hold directly or indirectly more than half in nominal value of the voting share capital of the Guarantor), in each case in an aggregate principal amount of at least US\$32,000,000 or the equivalent thereof in another currency or currencies, or (iv) a general moratorium shall be declared on the payment of debts of the Issuer or the Guarantor or any Connected Company of the Issuer or the Guarantor; 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) as a result of any action on the part of the Guarantor or the Government of the Hong Kong Special Administrative Region of the People's Republic of China (the "Government of Hong Kong") or as a result of any new law or regulations of Hong Kong, the Government of Hong Kong ceases before 5th October 2020 to hold directly or indirectly more than half in nominal value of the voting share capital of the Guarantor; or
- (j) MTR Cayman ceases to be a subsidiary (as that term is defined in the Trust Deed) of the Guarantor; or
- (k) 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 either in writing by the holders of at least 25% in principal amount of the Notes of this Series or by Extraordinary Resolution of the holders of the Notes of this

Series, declare all of the Notes of this Series immediately due and repayable, provided that, except in the case of the event described in paragraph (a) above, 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 Notes (of whatever Series) immediately due and repayable from the holders of Notes issued under the Programme 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:

- (A) in the case of directions received by the Trustee in writing, 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; and
- (B) in the case of an Extraordinary Resolution being passed at a meeting of the holders of Notes of a particular Series, the holders of all the Notes in that Series (and 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 the 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 this Series of Notes 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 directed by an Extraordinary Resolution of the holders of this Series of Notes or 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, as notified to the HK Lodging Agent by CMU in a relevant CMU Instrument Position Report or any other relevant notification by CMU (which notification, in either case, shall be conclusive evidence of the records of CMU, save in the case of a manifest error). 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.
- (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 Trusec Limited at 2 Lambs Passage, London EC1Y 8BB (or otherwise at its registered office for the time being, as notified in writing to the Trustee).

## **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) 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, 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. 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.

## **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.

At the time of the partial privatisation, the Government stated that its intention would be to continue to hold not less than 50% of the Company’s ordinary share capital for at least 20 years from 5th October 2000. As at 30th June 2019, the Government’s shareholding in the Company was approximately 75.45%.

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 defined below) 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 underground. 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 underground. 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 underground. 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 underground. 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. The line 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 previous 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 provided three domestic passenger rail services: East Rail (including the Ma On Shan Line and the Lok Ma Chau Spur Line (the “LMCSL”)), West Rail and Light Rail.

The East Rail Line is 52.5 route kilometres in length with 22 stations, including the Ma On Shan Line and LMCSL. The Ma On Shan Line is 11.4 route kilometres in length with an interchange at Tai Wai Station and eight other stations. The LMCSL opened for passenger operations on 15th August 2007 and consists of 4.9 route kilometres of tunnels and 2.4 route kilometres of viaducts. It branches off the East Rail alignment north of Sheung Shui Station, runs in 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 West Rail at Hung Hom Station.

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 railway operators or authorities running to and from six cities in the PRC, namely Dongguan, Guangzhou, Foshan, Zhaoqing, Beijing and Shanghai.

The West Rail Line is 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 is 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 has 12 stations and is 35.4 route kilometres in length. The West Rail Line, which was officially inaugurated on 20th December 2003, currently runs from Hung Hom to Tuen Mun.



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 2019, there were 13 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 26-km rail that connects Hong Kong to Shenzhen, Guangzhou and the 29,000-km high speed rail network in the Mainland of China. HSR connects Hong Kong West Kowloon Station with 44 Mainland stations directly without interchanging.

On 23rd August 2018,

- (i) the Company and the Government entered into the Amendment Agreement to the Operating Agreement (the “Amendment Agreement”). The Amendment Agreement amends and supplements the New Operating Agreement, which regulates the operation of the existing railway network, so that the HSR is regulated in substantially the same manner as the existing railway network. In addition, specific matters relating to the HSR concerning, among others, performance requirements, customer service pledges, maintenance of trains, design checks and tests for running Mainland operator’s trains on the HSR, security and customs matters and fares for HSR train journeys have been included in the Amendment Agreement which can suit the specific operating characteristics of the HSR; and
- (ii) the Company and KCRC entered into the Supplemental Service Concession Agreement (the “SSCA”). The SSCA is required by, and supplements, the Existing Service Concession Agreement (as defined below), which regulates the operation of the part of the existing railway network over which KCRC has granted to the Company a concession. The SSCA provides that the concession arrangements for the HSR are similar to the arrangements applicable under the Existing Service Concession Agreement (with modifications to take into account of the HSR) and the concession period for the HSR is 10 years. The SSCA also provides that, amongst other things: -
  - *Fixed annual payments for HSR*: the fixed annual payments shall comprise payments from KCRC to the Company which, in aggregate, over the concession period of HSR will be equal to HK\$7,965 million. These fixed annual payments shall be without prejudice to the Company’s obligation to pay the fixed annual payments of HK\$750 million each financial year to KCRC under the Existing Service Concession Agreement.

- *Variable annual payments:* The variable annual payments (being payments by the Company to KCRC) will be calculated in the same manner prescribed under the Existing Service Concession Agreement whereby the Company pays to KCRC, for each financial year, a certain percentage of the revenue generated from the KCRC system. For the purposes of calculating the variable annual payments, the revenue generated from the KCRC system shall include the actual revenue from the HSR fares received or retained by the Company and revenue derived from businesses related to the HSR which may include, without limitation, advertising, telecommunications, duty free shops and kiosk rental.

### ***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 256.6 kilometres.

There are 94 stations in the Integrated MTR System (excluding Light Rail).

### ***The Rail Merger***

The Merger Agreements (as defined on page 72), 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 2014 to 2018 and for the first six months of 2019 is set out in the following table. For the first half of 2019, total patronage for all of the Company's rail and bus passenger services (that is, the Integrated MTR System) increased to 1,022.4 million or by 2.5% 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), West Rail, Ma On Shan Lines), recorded total patronage of 830.2 million for the first half of 2019. This represents an increase of 1.7% when compared to the same period in 2018.

For the cross-boundary service at Lo Wu and Lok Ma Chau, patronage was 57.6 million for the first half of 2019, representing a decrease of 0.8% compared to the same period in 2018. The decrease was mainly due to the opening of the HSR.

For the first six months of 2019, patronage on the Airport Express rose by 5.8% as compared to the same period last year, supported by an increase in air passenger traffic and events organized at AsiaWorld-Expo.

Total patronage on the HSR in the first half of 2019 was 9.9 million.

*Passengers per year*

	<b>Integrated MTR System<sup>(2)</sup></b>
	<i>(in millions)</i>
2019 (first six months) <sup>(1)</sup> .....	1,022.4
2018 .....	2,044.5
2017 .....	2,000.0
2016 .....	1,948.8
2015 .....	1,938.2
2014 .....	1,904.6

Notes:

(1) The total number of passengers for the first six months ended 30th June 2019.

(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 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 will be in 2022/23.

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 =  $0.5 * \Delta \text{CCPI} + 0.5 * \Delta \text{wage index} - t$ ”

where:

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

“ $\Delta \text{CCPI}$ ” means the yearly percentage change in the Government Composite Consumer Prices Index;

“ $\Delta \text{wage index}$ ” 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)  $0.5 \times \text{CAGR in Productivity in the Reference Period}$  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 2019/2020 is +3.3%, effective 30th June 2019.

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

### *Shatin to Central Link*

The ten-station 17-km Shatin to Central Link (“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 six interchange stations, creating vital new links across Hong Kong.

#### (a) SCL 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 SCL (“SCL Preliminary Entrustment Agreement”). Pursuant to the SCL Preliminary Entrustment Agreement, 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.

#### (b) SCL Advance Works Entrustment Agreement

On 17th May 2011, the Company entered into another entrustment agreement with the Government for the financing, construction, procurement of services and equipment and other matters associated with certain enabling works in relation to the SCL (“SCL Advance Works Entrustment Agreement”). Pursuant to the SCL Advance Works Entrustment Agreement, 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 (“SCL Advance Works Costs”).

In August 2015, the Company notified the Government that the Company estimated that the cost for the works carried out under the SCL Advance Works Entrustment Agreement will exceed the original estimate of HK\$7,350 million. In February 2016, the Company notified the Government that the estimated exceedance would be HK\$1,267 million (including contingency). In December 2016, the Company completed its review for the project cost estimate of the works under the SCL Advance Works Entrustment Agreement and notified the Government of the Company’s revised estimate for the entrustment cost for such works of HK\$8,617.1 million. In January 2017, the Government submitted to the Legislative Council Public Works Subcommittee the application for additional funding needed in excess of amounts retained by the Government from the original funding. Such additional funding was approved by Legislative Council Finance Committee in June 2017.

#### (c) SCL Entrustment Agreement

On 29th May 2012, the Company and the Government entered into an entrustment agreement for the construction and commissioning of the SCL (“SCL Entrustment Agreement”). Pursuant to the SCL Entrustment Agreement, the Government is responsible for bearing all the work costs specified in the SCL Entrustment Agreement including costs to contractors and costs to the Company (“Interface Works Costs”).



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 Company is responsible for carrying out or procuring the carrying out of the works specified in the SCL Preliminary Entrustment Agreement, the SCL Advance Works Entrustment Agreement and the SCL Entrustment Agreement (together, "SCL Agreements") for a total project management fee of HK\$7,893 million ("SCL Project Management Fee"). As at 30th June 2019 and up to the date of the Company's interim report for the period ended 30th June 2019 ("Interim Report"), the Company has received payments of the SCL Project Management Fee from the Government in accordance with the original agreed payment schedule.

The sum entrusted to the Company by the Government for the main construction works under the SCL Entrustment Agreement is HK\$70,827 million. The Company has previously announced that, due to the continuing challenges posed by external factors, the SCL Cost to Complete ("CTC") would need to be revised upwards significantly.

The Company completed a detailed review of the estimated CTC for the main construction works under the SCL Entrustment Agreement and the latest estimate was submitted to the Government for review on 5th December 2017. Taking into account a number of factors, including issues such as archaeological finds, the Government's requests for additional scope and late or incomplete handover of construction sites, the Company has increased the latest estimate by HK\$16,501 million from HK\$70,827 million to HK\$87,328 million including an increase in the SCL Project Management Fee payable to the Company, which is subject to agreement and approval processes. Since submission of this latest estimate to the Government, the Company has been liaising with the Government to facilitate their review and verification process. The Company intends to carry out a further review and revalidation of the CTC within 2019.

(d) Claims and Indemnification

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 any negligence of the Company in performing its obligations under the relevant SCL Agreement or any breach thereof by the Company. Under the SCL Entrustment Agreement, 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 Commission of Inquiry (the “COI”) (as stated under paragraph (f) below), up to the date of the Company’s Interim 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.

(e) Hung Hom Incidents

Towards the end of the first half of 2018, there were allegations 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. To address the First Hung Hom Incident, the Company submitted to the Government a holistic proposal for the verification and assurance of the as-constructed conditions and workmanship quality of the Hung Hom Station extension.

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, the South Approach Tunnel and the Hung Hom Stabling Sidings, forming an addition to the First Hung Hom Incident (“Second Hung Hom Incident”). To address the Second Hung Hom Incident, the Company submitted to the Government a verification proposal for verification of the as constructed condition and workmanship quality of these areas.

(f) Commission of Inquiry

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). The Company has cooperated fully with the COI. The COI process included hearing of evidence from factual witnesses and reviewing evidence from experts on project management and structural engineering issues.

On 29th January 2019, 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 19th February 2019, Government announced that the terms of reference of the COI had been expanded and approved a further extension of time for the COI to submit its report to the Chief Executive by 30th August 2019, or such time as the Chief Executive in Council may allow. On 2nd July 2019, the Chief Executive in Council approved, at the request of the COI, an extension of time for the COI to submit its final report to the Chief Executive on or before 29th November 2019.

On 25th February 2019, the COI submitted an interim report to the Chief Executive on its findings and recommendations on matters covered by the original terms of reference. On 26th March 2019, Government published the redacted interim report in which the COI, while recognising it to be an interim report, 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. The COI also made a number of comments regarding the Company’s performance and systems as well as a number of recommendations for the future.

On 18th July 2019, the Company completed and submitted to 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.

(g) Hung Hom Incidents Related Costs

In July 2019, the Government has 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”) targeted to occur in the first quarter of 2020.

In order to progress the SCL Project and to facilitate the Phased Opening in the first quarter of 2020, the Company will fund, on an interim and without prejudice basis, certain costs arising from the Hung Hom Incidents and certain costs associated with Phased Opening (being costs for alteration works, trial operations and other costs associated with the preparation activities for Phased Opening) (“Hung Hom Incidents Related Costs”), whilst reserving the Company’s position as to the ultimate liability for such costs. Currently, the Company’s best estimate of such costs is around HK\$2 billion in aggregate. However, there is no certainty that, ultimately, the entirety of this amount will need to be funded.

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 Entrustment Agreement 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 Entrustment Agreement.

(h) After taking into account the above and in light of 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 billion in the 2019 Interim Report.

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. The eventual outcome of the discussions between the Company and the Government, the timing of any 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, the level of recovery from relevant parties, and the pending agreement and approval of the increase in the SCL Project Management Fee payable to the Company, remain highly uncertain at the current stage. As a result, no additional provision other than the

HK\$2 billion referred to 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.

- (i) During the half year ended 30th June 2019, a project management fee of HK\$441 million (2018: HK\$445 million) was recognised in the consolidated profit and loss account of the Company. As at 30th June 2019, the total project management fee recognised to date in the consolidated profit and loss account of the Company amounted to HK\$6,912 million (as at 31st December 2018: HK\$6,471 million). Additionally, during the half year ended 30th June 2019, the SCL Advance Works Costs and the Interface Works Costs, both of which are payable by the Government to the Company, were HK\$165 million (2018: HK\$196 million). As at 30th June 2019, the amount of the SCL Advance Works Costs and the Interface Works Costs which remained to be paid to the Company by the Government was HK\$1,162 million (31st December 2018: HK\$1,107 million).
- (j) Progress of the SCL

Overall, the project was 90.2% complete by 30th June 2019, with the Tai Wai to Hung Hom Section and Hung Hom to Admiralty Section being 99.7% and 78.8% complete respectively.

#### ***Potential Future Extensions***

On 17th September 2014, the Government issued its RDS 2014 (as defined on page 15). The RDS 2014 proposed the following seven new railway projects in Hong Kong:

- 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 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 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.
- The Tung Chung West 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.
- The Tuen Mun South Extension will extend the existing West Rail Line by 2.4 kilometres to connect Tuen Mun Station to the new Tuen Mun South Station. 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.

- A new East Kowloon Line will aim to connect Diamond Hill Station on the existing Kwun Tong Line (and the future Shatin to Central Link) 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 and Causeway 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 Government has invited the Company to submit project proposals for five of these projects first, namely the Northern Link and Kwun Tong Station, the Tuen Mun South Extension, the East Kowloon Line, Tung Chung West Extension (and Tung Chung East Station) and the North Island Line. The Company has submitted the project proposals for the five projects and has provided supplementary information on the submitted project proposals as requested by the Government. The Company is working closely with the Government to resolve the technical, operational and financial issues for implementation of these future rail projects. For the Hung Shui Kiu Station and South Island Line (West), the Company was invited by Government to submit proposals in May and June 2019 respectively. These proposals are targeted for submission in 2020.

### **Summary Financial Information**

The summary financial information for the six months ended and as at 30th June 2018 and 2019 presented below is prepared based on the unaudited consolidated interim financial statements of the Group for the six months ended 30th June 2019, which is incorporated by reference in this Offering Circular.

The summary financial information for the years ended and as at 31st December 2017 and 2018 presented below is prepared based on the audited consolidated financial statements of the Group for the year ended 31st December 2018, 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.

	<b>Six months ended 30th June</b>		<b>Year ended 31st December</b>	
	<b>2019</b>	<b>2018</b>	<b>2018</b>	<b>2017</b>
	<i>(in HK\$ million)</i>		<i>(in HK\$ million)</i>	
Revenue				
- Hong Kong transport operations . . . . .	10,690	9,328	19,490	18,201
- Hong Kong station commercial businesses . . . .	3,555	3,075	6,458	5,975
- Hong Kong property rental and management businesses . . . . .	2,635	2,517	5,055	4,900
- Mainland of China and international railway, property rental and management subsidiaries . . . . .	10,558	10,453	20,877	17,194
- Mainland of China property development . . . . .	-	-	60	6,996
- Other businesses . . . . .	834	1,000	1,990	2,174
Operating profit before Hong Kong property development, depreciation, amortisation and variable annual payment . . . . .	8,401	9,304	18,868	19,991
Profit on Hong Kong property development . . . .	898	158	2,574	1,097
Operating profit before depreciation, amortisation and variable annual payment . . . .	9,299	9,462	21,442	21,088
Profit attributable to shareholders of MTRCL arising from underlying businesses . . . . .	3,440	4,648	11,263	10,515

Note: The Group has applied HKFRS 16 at 1st January 2019 using the modified retrospective approach. Under this approach, comparative information in 2018 and 2017 is not restated.

## Financing

As at 30th June 2019, 64% of the Group's outstanding debt bore interest at fixed rates with the remaining 36% at floating rates. As at 30th June 2019, 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 2019, the Group had available undrawn committed banking facilities of HK\$6,353 million (US\$814 million equivalent<sup>(1)</sup>) and uncommitted debt issuance and short-term banking facilities of HK\$19,517 million (US\$2,499 million equivalent<sup>(1)</sup>). Outstanding borrowings as at 30th June 2019 were HK\$36,020 million (US\$4,613 million equivalent<sup>(1)</sup>).

Notes:

(1) US\$ equivalent was translated at a rate of HK\$7.8083 = US\$1, being the prevailing spot rate at 30th June 2019. (Source: Bloomberg)

The projections for repayment of loans outstanding as at 30th June 2019 are shown in the following table in millions of HK\$ and the US\$ equivalent.

<b>Borrowings</b>	<b>As at 30th June 2019</b>	
	<i>(HK\$ million)</i>	<i>(US\$ million equivalent)</i>
Repayable within one year . . . . .	9,632	1,234
Repayable between one and two years . . . . .	1,434	184
Repayable between two and five years . . . . .	4,611	590
Repayable beyond five years . . . . .	20,343	2,605
<b>Total . . . . .</b>	<b>36,020</b>	<b>4,613</b>

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\$7.8083 = US\$1, being the prevailing spot rates at 30th June 2019.  
(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 over 103,000 residential units and over 772,000 square metres of commercial space under its management as at 30th June 2019.

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 up-front payments from the developers.

#### ***Property developments in the PRC***

In August 2011, MTRCL's wholly-owned subsidiaries, MTR Corporation (Shenzhen) Limited and MTR Property (Shenzhen) Company Limited, won the bid for a residential and commercial property development (Tiara) at Shenzhen Metro Longhua Line Depot Site Lot 1 in Shenzhen. The project company, MTR Property Development (Shenzhen) Company Limited, completed the development of the site. Over 98% of the residential units have been sold and handed over to buyers. TIA Mall held a soft opening in April 2019, and was officially opened on 18th August 2019.

In Tianjin, the Company's 49% owned associate, Tianjin TJ-Metro MTR Construction Company Limited ("TJMTR"), is involved in the development of the Beiyunhe Station project on Tianjin Metro Line 6. The project includes composite development of retail, office and residential properties. In March 2017, a framework agreement was signed with a subsidiary of Beijing Capital Land 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. Construction is progressing on the site, including piling work for the shopping centre. Project completion is targeted for the end of 2022.

Further to a Cooperation Framework Agreement between the Company, Beijing Infrastructure Investment Co. Ltd. ("BIIC") and Beijing MTR Corporation Limited ("BJMTR") to conduct joint preliminary studies on integrated property development above selected existing station and depot sites along the Beijing Metro Line 4 and the Daxing Line (including the Nanzhaolu Depot), the Company signed a Letter of Intent ("LoI") with BIIC in January 2017. The LoI is intended to extend strategic co-operation to other, predominantly rail-related property development projects in Beijing in addition to investment in, construction and operation of other railway projects. In November 2017, the Company signed a LoI with the Daxing District People's Government of Beijing Municipality, BIIC and BJMTR for studies on the southward extension of the Beijing Daxing Line, Nanzhaolu Depot capacity expansion, and integrated property development above the depot. Building on these earlier agreements, in October 2018, the Company signed a Memorandum of Understanding ("MOU") with the Beijing Municipal Commission of Transport, BIIC and BJMTR to deepen cooperation in upgrading metro rail services. Several potential Public-Private- Partnership ("PPP") and operations and maintenance ("O&M") projects for urban rail lines in Beijing are being explored.

In the Guangdong-Hong Kong-Macau 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 relating to a mixed use property development adjacent to Chencun Station in the Shunde district of Foshan, Guangdong province.

The Company also manages self-developed and other third party properties in the Mainland of China which, as at 30th June 2019, had a total GFA of 390,000 square metres. MTRCL's shopping mall in Beijing, Ginza Mall, was 98% occupied in the first six months of 2019.

## **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. The Company currently owns 57.4% 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 42.6% of the issued share capital of Octopus Holdings Limited owned by KCRC, KMB Public Bus Services Holdings Limited, Citybus Limited, New World First Bus Services Limited and New World First Ferry Services Limited. Although the Company holds 57.4% 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 Hong Kong Monetary Authority ("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 new 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 reticulation of the telecommunication network to fixed and mobile network operators, from the leasing of retail space in its stations and car parking facilities at certain MTR stations, from the wholesaling of managed bandwidth and related services to local and international carriers.

## **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. Although patronage for Line 4 has continued to increase, there has been no increase in fares since MTR Shenzhen started operating Line 4 in 2010 and MTR Shenzhen does not benefit from a shadow fare subsidy mechanism. The Company understands that Shenzhen Municipal Government is undergoing the statutory process in relation to a fare adjustment in the Shenzhen Metro Network. If appropriate fare adjustments and the adjustment mechanism are not implemented soon, the long-term financial viability of Line 4 is expected to be affected.

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.

In August 2016, the Company’s consultancy subsidiary in Shenzhen entered into a project management agreement to supervise the construction of the Northern Extension of Line 4 of the Shenzhen metro system. The extension will be financed by the Shenzhen Municipal Government. During the first half of 2019, the Company continued to negotiate for the operation arrangement of the Northern Extension of Line 4 in preparation for its opening at the end of 2020.

#### ***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 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. Construction works to complete the full BJL14 continued to progress during the first six months of 2019. Full line opening for BJL14 is targeted for 2022.

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 50 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. Construction works to complete the full BJL16 lines continued to progress during the first six months of 2019. Full line operation, which will mark the start of the operating concession, is targeted in 2021.

### *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 for a term of 25 years. The Concession Agreement was approved by the relevant authorities in the PRC in August 2012.

The 48-kilometre Hangzhou Metro Line 1 consists 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. Hangzhou Metro Line 1 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 Hangzhou Metro Line 1 commenced passenger service. The extended Hangzhou Metro Line 1 now has 34 stations spanning 53.6 kilometres. Hangzhou MTR Corporation Limited was granted the operation and maintenance concession of this extension.

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, maintenance and renewals. The civil works, such as construction of stations and tunnels, are the responsibility of Hangzhou Metro Group. The 51.5-km HZL5 is an underground metro line running from Xiangzhanglu Station in Xiaoshan District to Lutinglu Station in Yuhang District, with a total of 38 stations.

The initial section, with 12 stations from Liangmu Road Station to Shanxian Station, commenced service on 24th June 2019 with positive response from passengers. The HZL5 full line targets to commence operations by the end of 2019.

### *Chengdu*

The Company signed an LoI with Chengdu Rail Transit Group in August 2017 for strategic cooperation on metro-related projects and an MOU in May 2018 for potential integrated development of stations. This was followed by the discussions of the cooperation of metro PPP, metro related commercial and training.

### *Macau*

On 11th April 2018, MTR Operações Ferroviárias (Macau) Sociedade Unipessoal Lda (“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 Macau Light Rapid Transit Taipa Line (the “Taipa Line”). The contract covers an 80-month period and includes the line’s testing and trial run before opening, operation of train and station services, as well as maintenance of trains, the signalling system, and other infrastructure. The 9.3-km Taipa Line will have 11 stations. During the first half of 2019, the Company conducted on-going testing and commissioning in preparation for the opening of the Taipa Line. The Macau SAR Government has also indicated that their target to open the Taipa Line by the end of 2019.

## *International Projects*

### *London*

In July 2014, MTR Corporation (Crossrail) Limited, a wholly owned subsidiary of the Company, signed a concession agreement with 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 118-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. The Crossrail concession comprises of stages of openings before it reaches its full operations.

MTR Corporation (Crossrail) Limited (“MTR Crossrail”) operates (as TfL Rail) a section of 14 stations (of which 11 stations are managed by MTR Crossrail) between Liverpool Street Station and Shenfield, being the first phase of the Crossrail concession. The second phase, providing services between Paddington Station and Heathrow Airport, commenced operations in May 2018. The TfL Rail service will increase to 41 stations (of which 28 stations will be managed by MTR Crossrail) in total with 118 kilometres of route length ultimately under the name of the Elizabeth Line.

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 with 203 stations which provides commuter, inter-urban, regional and long-distance services to passengers in London and South western England. The new franchise commenced in August 2017 for seven years, with an option for an eleven-month extension at the discretion of the DfT. During the first half of 2019, the financial performance of this franchise continued to suffer owing to a variety of factors. Consequently, the Company announced on 30th May 2019 that a provision of GBP43 million had been made in the Company’s consolidated profit and loss account, representing MTRCL’s share of the maximum potential loss under the Franchise Agreement. SWR is negotiating with the UK Government to agree on potential commercial and contractual remedies but there is a range of potential outcomes.

Furthermore, together with Guangshen Railway Company Limited (an associated company of China Railway Corporation), the Company submitted a bid in July 2018 for the West Coast Partnership franchise in the UK, followed by a second-round submission in November 2018. The franchisee will operate railway services on the West Coast Main Line from 2019 until 2031. It will also act as the “shadow operator” to advise High Speed Two (“HS2”) Limited and Department for Transport (“DfT”) on the preparation and operation of the initial HS2 services between London and Birmingham, scheduled to commence in 2026. It is intended that the operator would run both operations as an integrated service under a management contract to 2031. The bid result was announced in August 2019 and MTRCL’s bid was not successful.

### *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. 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.

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 9th July 2019 the Group signed an agreement with EuroMaint Rail AB to acquire EuroMaint's 50% ownership interest in Emtrain AB ("Emtrain"), the 50/50 joint venture company that performs the maintenance services to the Stockholm Pendeltåg. The acquisition of shares is conditional upon a number of conditions having been met, which is expected to be in a couple of months. In conjunction with the transaction being completed, MTR Pendeltågen's 50 percent ownership interest in Emtrain will be transferred to MTR Tech AB, which means that Emtrain will become a 100 percent subsidiary of MTR Tech AB.

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 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.

#### *Sweden MTR Express*

MTR Express intercity service operates between Stockholm and Gothenburg. MTR Express 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 MTA. 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 17 lines with a total of 222 stations and covers 409 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\$62.6 million. The Company's partners in the consortium include John Holland, UGL Rail Services, CPB Contractors 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.

The Company is also preparing its proposal for the Sydney Metro City and Southwest ("SMCSW") project, a 30-km extension of SMNW running through the central business district between Chatswood and Bankstown, which is targeted to open in 2024. The SMCSW Consortium, formed by MTR and other participants in SMNW, submitted a non-binding initial proposal to Transport for New South Wales ("TfNSW") in March 2017 and entered into a Commitment Deed with TfNSW in December 2017. The SMCSW Consortium then signed the Contract Finalisation Deed ("CFD") with Sydney Metro on 7th December 2018. The CFD formally agrees the next steps in the Sydney Metro augmentation process for the SMCSW project, including the commencement of an early works contract for initial design and technical work and a further procurement process for the Rail Systems of Operations, Trains and Systems for the project. The Company is in discussion with the client for the financial close of the project, expected in later 2019.

### *Canada*

In Canada, the Company was pre-qualified as a bidder for the operation of the Toronto Regional Express Rail project in December 2017. The project aims to transform the existing GO Transit diesel-rail commuter system into an electrified railway network covering the Greater Toronto and Hamilton area. The project has been revised to a design-build-finance-operate-maintain project, and therefore the Company submitted a prequalification bid for the project with a partner on 18th October 2018. On 30th May 2019, the authority announced that MTR's consortium has been shortlisted, together with 3 other consortia, for the Request for Proposal ("RFP") stage of the bidding exercise. According to the latest RFP programme, the submission deadline of the bid proposal is in October 2020.

### **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 contract was extended for a further seven-year period ending in 2020. In Macau, the Company has been providing technical support services for the Macau Light Rapid Transit project to the Government of the Macau 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***

Rex Auyeung Pak-kuen (non-executive Chairman)

Dr Jacob Kam Chak-pui (Chief Executive Officer)

Andrew Clifford Winawer Brandler (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)

Dr Anthony Chow Wing-kin (independent non-executive Director)

Dr Eddy Fong Ching (independent non-executive Director)

James Kwan Yuk-choi (independent non-executive Director)

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

Lucia Li Li Ka-lai (independent non-executive Director)

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

Benjamin Tang Kwok-bun (independent non-executive Director)

Dr Allan Wong Chi-yun (independent non-executive Director)

Johannes Zhou Yuan (independent non-executive Director)

James Henry Lau Jr, Secretary for Financial Services and the Treasury, Government (non-executive Director)

Secretary for Transport and Housing, Government (being Frank Chan Fan) (non-executive Director)

Permanent Secretary for Development (Works), Government (being Lam Sai-hung) (non-executive Director)

Commissioner for Transport, Government (being Mable Chan) (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 Housing (currently occupied by Frank Chan Fan), the Permanent Secretary for Development (Works) (currently occupied by Lam Sai-hung) and the Commissioner for Transport (currently occupied by Mable Chan) 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

Roger Francis Bayliss, Projects Director

Margaret Cheng Wai-ching, Human Resources Director

Dr Peter Ronald Ewen, Engineering Director

Herbert Hui Leung-wah, Finance Director

Adi Lau Tin-shing, Operations Director

Gillian Elizabeth Meller, Legal and European Business Director

Linda So Ka-pik, Corporate Affairs Director (resigned with effect from 16th January 2020)

David Tang Chi-fai, Property Director

Jeny Yeung Mei-chun, Commercial 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 Law 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 2018 was US\$1,000, consisting of 1,000 shares of US\$1 each. MTR Cayman had outstanding borrowings of HK\$21 billion as at 31st December 2018. All the borrowings were the subject of an unconditional and irrevocable guarantee by MTRCL and were unsecured. As at 31st December 2018 there were no contingent liabilities and guarantees. MTR Cayman has not issued any notes and has made repayments of notes of an aggregate amount of HK\$200 million for the period between 1st January 2019 to 30th June 2019. For the period between 1st July 2019 and 30th September 2019, MTR Cayman has neither issued any notes nor made repayments of any notes. The proceeds from such issue were on lent to MTRCL.

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 2018.

## **Cayman Islands Data Protection**

The Cayman Islands Government enacted the Data Protection Law, 2017 of the Cayman Islands (the “DPL”) on 18th May 2017 and it is expected to be brought into force on 30th September 2019. The DPL introduces legal requirements for the Issuer 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 DPL. 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 DPL is the responsibility of the Ombudsman’s office of the Cayman Islands. Breach of the DPL 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 Data Protection Law, 2017 of the Cayman Islands (the “DPL”).

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 or 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 DPL (“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 DPL. The Issuer's affiliates and delegates may act as "data processors" for the purposes of the DPL.

*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 DPL.

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 MTRCL and its subsidiaries (the “Group”) derived from the unaudited interim consolidated financial statements as at 30th June 2019:

	As at 30th June 2019 <i>(HK\$ million)</i>
<b>Short-Term Debt, including current portion of long-term debt</b>	
Overdraft .....	5
Loans in Hong Kong dollars, current portion .....	8,212
Loans in other currencies, current portion <sup>(1)</sup> .....	267
Debt Issuance Programme Notes due in 12 months .....	1,148
<b>Total short-term debt</b> <sup>(2)(5)</sup> .....	9,632
<b>Long-Term Debt, less current portion</b>	
Loans in Hong Kong dollars .....	1,600
Loans in other currencies <sup>(1)</sup> .....	1,990
Debt Issuance Programme Notes due over 12 months .....	22,798
<b>Total long-term debt</b> <sup>(2)(5)</sup> .....	26,388
Sub-total .....	36,020
Unamortised discount/premium/finance charges outstanding .....	(157)
Adjustment due to fair value change of financial instruments <sup>(6)</sup> .....	(428)
<b>Total carrying amount of debt</b> .....	35,435
<b>Equity</b>	
Share Capital 6,141,984,589 ordinary shares issued and fully paid <sup>(7)</sup> .....	58,054
Shares held for Executive Share Incentive Scheme .....	(265)
Fixed Assets Revaluation Reserve .....	3,878
Hedging Reserve .....	106
Employee Share-based Capital Reserve .....	106
Exchange Reserve .....	(847)
Retained Profits <sup>(8)</sup> .....	119,262
Total equity attributable to shareholders of the Company .....	180,294
Non-controlling interests .....	230
<b>Equity</b> .....	180,524
<b>Total Capitalisation and Indebtedness</b> .....	215,959

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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 rate prevailing on 30th June 2019. The weighted averages of the foreign exchange contracts and currency swaps and the spot rates prevailing on 30th June 2019 were: HK\$7.7659 = US\$1; HK\$6.3146 = AU\$1; HK1.1372 = RMB1; and HK\$0.079148 = JPY1; HK\$0.9708 = MOP1
- (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 2019 compared with 31st December 2018.
- (5) During the period between 1st July 2019 and 30th September 2019, the Group made a net loan repayment of approximately HK\$1,442 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) On 16th July 2019, the 2018 final ordinary dividend was paid and the new shares allotted in respect of scrip dividend amounted to HK\$654 million.
- (8) On 11th October 2019, the 2019 interim ordinary dividend was paid and the new shares allotted in respect of scrip dividend amounted to HK\$71 million.
- (9) Save as disclosed in paragraphs (5), (7) and (8) above, there has been no material change to the capitalisation and indebtedness of MTRCL since 30th June 2019.

## 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”)) and professional investors (as defined in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)) (together, “Professional Investors”) only. **Investors should not purchase the Notes in the primary or secondary markets unless they are Professional Investors and understand the risks involved. The Notes are only suitable for Professional Investors.**

**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 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 SEHK for the purpose of giving information with regard to the Issuer [and the Guarantor]. 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 (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 (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.

**[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 Directive 2014/65/EU (as amended, “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.]\*\*

**[Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) 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].]\*\*\***

*[LOGO, if document is printed]*

**[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\$5,000,000,000 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 [     ]

\* Applicable for Notes to be listed on the SEHK only.

\*\* Legend for issuances involving one or more MiFID 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).

\*\*\*\* 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 2019 [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 [●].

*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: [●])
2. [Guarantor: MTR Corporation Limited (Legal Entity Identifier: [●])]
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. Specified Currency or Currencies: [●]
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:<sup>1</sup>    
*(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]<sup>2</sup>*
10. Interest Basis:  per cent. Fixed Rate]   
 *[Specify reference rate]* +/-  per cent. Floating Rate]   
 Zero Coupon]   
 Index Linked Interest]   
 Other *(specify)*]   
(further particulars specified below)
11. Redemption/Payment Basis:  Redemption at par]   
 Index Linked Redemption]   
 Dual Currency]   
 Partly Paid]   
 Instalment]   
 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]   
 Issuer Call]   
 *(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]]   
*(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)*
15. Method of distribution:  Syndicated/Non-syndicated]

<sup>1</sup> 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.

<sup>2</sup> 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]  
*(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 "Business Day" ]*/not adjusted]<sup>3</sup>
  - (iii) Fixed Coupon Amount[(s)]: [●] per Calculation Amount<sup>4</sup>  
 (Applicable to Notes in Definitive Form)
  - (iv) Broken Amount(s): *[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]  
 (Applicable to Notes in Definitive Form)
  - (v) Day Count Fraction *(if different from that specified in Condition 5(a))*: [●]  
*(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]  
*(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)): [●]

<sup>3</sup> (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.

<sup>4</sup> 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: [LIBOR, LIBID, LIMEAN, 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]  
*(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]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*  
*[give details]*

- (i) Rate of Exchange/Method of calculating Rate of Exchange:
- (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]  
*(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): <sup>5</sup>
- 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:<sup>5</sup>
- 23. Final Redemption Amount of each Note**  [[ per Calculation Amount/
- In cases where the Final Redemption Amount is Index-Linked or other variable-linked:
- (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/
- (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]

<sup>5</sup> (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.)

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

- 25. Form of Notes:** [Bearer Notes/Exchangeable Bearer Notes/Registered Notes]  
*[Delete as appropriate]*  
 [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]  
 [Temporary Global Note exchangeable for Definitive Notes on [●] days' notice]  
 [Permanent Global Note exchangeable for Definitive Notes on [●] days' notice/in the limited circumstances specified in the permanent Global Note]  
 [Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Global Note]  
 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:
- (i) Instalment Amount(s): [●]
  - (ii) Instalment Date(s): [●]
  - (iii) Minimum Instalment Amount: [●]
  - (iv) Maximum Instalment Amount: [●]
30. Redenomination, renominatisation 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:<sup>6</sup> [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*]  
*(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: [●]
42. Common Code: [●]

<sup>6</sup> 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.

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 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\$5,000,000,000 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]



## PRC Currency Controls

*The following is a general description of certain currency controls in the PRC 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 the PRC relating to the Notes. Prospective holders of Notes who are in any doubt as to PRC 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 the PRC is subject to controls imposed under PRC law.

### **Current Account Items**

Under PRC foreign exchange control regulations, current account item payments include payments for imports and exports of goods and services, payments of income and current transfers into and outside the PRC.

Since July 2009, the PRC 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 the PRC including Shanghai, Guangzhou, Dongguan, Shenzhen and Zhuhai and enterprises in designated offshore jurisdictions including Hong Kong and Macau. On 17th June 2010, the PRC 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), 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 PRC 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” (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, PRC banks may conduct settlement for PRC enterprises upon the PRC enterprises presenting the payment instruction, with certain exceptions. PRC banks may also allow PRC enterprises to make/receive payments under current account items prior to the relevant PRC bank’s verification of underlying transactions (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” (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” (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 PRC authorities. Local authorities may adopt different practices in applying these regulations and impose conditions for settlement of current account items.

Further, if any new PRC 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 categorized 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 PRC foreign exchange control regulations, 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 PRC authorities.

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 PRC parties were also generally required to make capital item payments, including proceeds from liquidation, transfer of shares, reduction of capital in a foreign currency. That said, the relevant PRC authorities 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 the PRC and for the foreign invested enterprise to service interest and principal repayment to its foreign investor outside the PRC in Renminbi on a trial basis. The foreign invested enterprise might also be required to complete registration and verification process with the relevant PRC authorities before such Renminbi remittances.

On 25th February 2011, 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 the PRC with Renminbi that it has generated from cross-border trade settlement or that it has lawfully obtained outside the PRC, MOFCOM's prior written consent is required.

On 7th April 2011, State Administration 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-PRC residents) 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 PRC resident, such onshore enterprise shall be required to submit the prior written consent from the Ministry of Commerce of the PRC ("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 PRC laws and regulation on foreign debts supervision.

On 3rd June 2011, PBOC issued the Notice on Clarifying Issues Relating to Cross-border RMB Transactions ("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 PRC government, 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 PRC subsidiaries out of the PRC after reviewing certain documents, if a foreign investor intends to use its RMB proceeds from distribution by its PRC subsidiaries, the foreign investor may open a RMB re-investment account to pool the RMB proceeds, and the PRC parties 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 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 the PRC 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 PRC domestic listed companies) and entrusted loans in the PRC.

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 PRC authorities. Further, if any new PRC 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; or
- (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 exempt. 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 Inland Revenue Ordinance) 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.

#### *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 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 0.2 per cent. (of which 0.1 per cent. is payable by the seller and 0.1 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 an undertaking dated 28th November 2000 from the Governor-in-Council of the Cayman Islands that, in accordance with section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, for a period of 20 years from the date of the undertaking, no law which is 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 a payment of dividend or other distribution of income or capital by MTR Cayman to its members or a payment of principal or interest or other sums due under a debenture or other obligation of MTR Cayman.

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 and a Third Supplemental Programme Agreement dated 31st October 2019 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 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 Arrangers, 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.

*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 (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 (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*

Each Dealer has represented and agreed 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 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 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 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 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 (Chapter 289) 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)(i)(B) 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 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 will be 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 from 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 8th October 2019 and by a resolution of the Board of Directors of MTR Cayman on 9th October 2019.

### **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 2018 and 31st December 2017 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 2018 and 31st December 2017 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 and through the CMU (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. Where Notes are to be lodged in CMU, the appropriate code 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) MTRCL has lodged objections against various tax assessments raised by the Inland Revenue Department relating to certain payments relating to the Rail Merger, which are pending.
- (iii) Other than as disclosed in (i) and (ii) above and in the sub-section headed “Shatin to Central Link” 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 2018.

### **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 2017 and 31st December 2018 and the most recent unaudited consolidated interim report;
- (4) the audited financial statements of MTR Cayman for the years ended 31st December 2017 and 31st December 2018;
- (5) the latest sustainability report of MTRCL; and
- (6) the latest Green Finance Framework and Green 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 Amended and Restated Programme Agreement dated 28th October 2016;
- (6) the First Supplemental Programme Agreement dated 30th October 2017;
- (7) the Second Supplemental Programme Agreement dated 30th October 2018;
- (8) the Third Supplemental Programme Agreement dated 31st October 2019;

- (9) the Amended and Restated Agency Agreement dated 28th October 2016 and incorporating the forms of the Global and Definitive Notes;
- (10) the First Supplemental Agency Agreement dated 30th October 2017;
- (11) the Second Supplemental Agency Agreement dated 30th October 2018;
- (12) the Third Supplemental Agency Agreement dated 31st October 2019;
- (13) the Deed of Covenant made by MTRCL (in its capacity as an Issuer and the Guarantor) and MTR Cayman on 7th November 2013.

**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, Uglan 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

**BNP Paribas**

63/F, Two International

Finance Centre

8 Finance Street, Central

Hong Kong

**Crédit Agricole Corporate and Investment Bank**

30th Floor

Two Pacific Place

88 Queensway

Hong Kong

**Goldman Sachs (Asia) L.L.C.**

68th Floor

Cheung Kong Center

2 Queen's Road Central

Hong Kong

**J.P. Morgan Securities plc**

25 Bank Street

Canary Wharf

London E14 5JP

United Kingdom

**Mizuho Securities Asia Limited**

14-15/F., K11 Atelier, 18 Salisbury Road

Tsim Sha Tsui, Kowloon

Hong Kong

**MUFG Securities EMEA plc**

Ropemaker Place

25 Ropemaker Street

London EC2Y 9AJ

United Kingdom

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

15/F Two International Finance Centre

8 Finance Street, Central

Hong Kong

**Barclays Bank PLC**

5 The North Colonnade

Canary Wharf

London E14 4BB

United Kingdom

**Citigroup Global Markets Limited**

Citigroup Centre

Canada Square

Canary Wharf

London E14 5LB

United Kingdom

**Deutsche Bank AG, Hong Kong Branch**

52/F, International Commerce Centre

1 Austin Road West, Kowloon

Hong Kong

**The Hongkong and Shanghai Banking Corporation Limited**

Level 17, HSBC Main Building

1 Queen's Road Central

Hong Kong

**Merrill Lynch (Asia Pacific) Limited**

55th Floor

Cheung Kong Center

2 Queen's Road Central

Hong Kong

**Morgan Stanley & Co. International plc**

25 Cabot Square

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