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MTR CORPORATION LIMITED

香港鐵路有限公司

(the "Company")

(Incorporated in Hong Kong with limited liability)

(Stock Code: 66)

CONTINUING CONNECTED TRANSACTIONS

EXECUTION OF AGREEMENTS RELATING TO THE SHATIN TO CENTRAL LINK

Arrangements for the Commencement of Operation of the Shatin to Central Link as a whole

The Shatin to Central Link is being commissioned in two parts. The Tuen Ma Line as a whole was commissioned on 27 June 2021 and formed the first part of the Shatin to Central Link (details of arrangements for commencement of operation of TML as a whole are contained in the announcement of the Company dated 21 June 2021). Construction of the second part of the Shatin to Central Link has been completed and commercial operations on the Shatin to Central Link as a whole are expected to commence on 15 May 2022.

The second part of the Shatin to Central Link will extend the East Rail Line (Original) from Hung Hom Station to Admiralty Station via Exhibition Centre Station.

The Company announces that, on 10 May 2022, the following arrangements were entered into for the operation of the Shatin to Central Link:

- (i) the Company and Government entered into (a) an Amendment Agreement to the Existing Integrated Operating Agreement and (b) a Supplemental Agreement to the Existing Integrated Operating Agreement. The Amendment Agreement to the Existing Integrated Operating Agreement amends and the Supplemental Agreement to the Existing Integrated Operating Agreement supplements the existing integrated operating agreement which regulates the operation of the

existing railway network, so that the Shatin to Central Link as a whole is regulated in substantially the same manner as the existing railway network; and

- (ii) the Company and Kowloon-Canton Railway Corporation entered into the Supplemental Service Concession Agreement for the Shatin to Central Link as a whole. This agreement supplements the existing service concession agreement between the Company and Kowloon-Canton Railway Corporation which regulates the operation of the part of the existing railway network over which Kowloon-Canton Railway Corporation has granted to the Company a concession, and this agreement supersedes and replaces the Supplemental Service Concession Agreement (TML2) so that the Shatin to Central Link as a whole is subject to similar concession arrangements but for a period of ten years from the date of commissioning and commercial operation of the second part of the Shatin to Central Link. Prior to the expiry of this ten year period, the parties are obliged to commence exclusive negotiations in good faith with a view to agreeing the terms of a legally binding agreement in relation to an SCL Concession Extension (including, without limitation, that the Company shall operate the Shatin to Central Link pursuant to a service concession as defined in the Mass Transit Railway Ordinance (Cap. 556 of the Laws of Hong Kong)).

The new agreements referred to in paragraphs (i) and (ii) above form part of the legal and regulatory regime for the operation of railways in Hong Kong and are required for the purposes of the Mass Transit Railway Ordinance (Cap. 556 of the Laws of Hong Kong) so that the Shatin to Central Link as a whole is properly regulated thereunder.

The agreements and arrangements between the Company and Government and the Company and Kowloon-Canton Railway Corporation, referred to in paragraphs (i) and (ii) above, constitute continuing connected transactions for the Company.

As disclosed in previous announcements made by the Company, The Stock Exchange of Hong Kong Limited has granted waivers to the Company which, subject to certain conditions, exempt the Company from strict compliance with the requirements of Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited which would otherwise apply to connected transactions and continuing connected transactions between the Company and Government and its associates (including Kowloon-Canton Railway Corporation). Had the waivers not been granted, the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited would have been applicable.

Reference is made to the announcement of the Company dated 11 February 2020 (the "**2020 Announcement**") regarding the first phase of the Tuen Ma Line and the announcement of the Company dated 21 June 2021 (the "**2021 Announcement**") regarding the Tuen Ma Line as a whole. Unless otherwise defined in this announcement, capitalised terms used in this announcement have the meanings ascribed to them in the 2020 Announcement and 2021 Announcement.

A. Arrangements for Commencement of Operation of the Shatin to Central Link as a whole

The Shatin to Central Link is being commissioned in two parts. The Tuen Ma Line as a whole was commissioned on 27 June 2021 and formed the first part of the Shatin to Central Link (details of arrangements for commencement of operation of TML as a whole are contained in the 2021 Announcement). Construction of the second part of the Shatin to Central Link has been completed and commercial operations on the Shatin to Central Link as a whole are expected to commence on 15 May 2022.

1. Execution of AOA, SOA, and Supplemental Service Concession Agreement for the SCL

The second part of the Shatin to Central Link, will extend from Hung Hom Station to Admiralty Station with a new station at Exhibition Centre, and it will integrate with the East Rail Line (Original) into a single railway line. This, together with the Tuen Ma Line, forms the entire Shatin to Central Link.

The Company announces that, on 10 May 2022, the following arrangements were entered into for the operation of the Shatin to Central Link:

- (i) the Company and Government entered into (a) the AOA and (b) the SOA. The AOA amends and the SOA supplements the Existing Integrated Operating Agreement which regulates the operation of the existing railway network, so that the SCL as a whole is regulated in substantially the same manner as the existing railway network; and
- (ii) the Company and KCRC entered into the SSCA. This agreement supplements the Existing Service Concession Agreement which regulates the operation of the part of the existing railway network over which KCRC has granted to the Company a concession, and this agreement supersedes and replaces the SSCA (TML2) so that the SCL as a whole is subject to similar concession arrangements but for a period of ten years from the date of commissioning and commercial operation of the second part of the Shatin to Central Link. Prior to the expiry of this ten year period, the parties are obliged to commence exclusive negotiations in good faith with a view to agreeing the terms of a legally binding agreement in relation to an SCL Concession Extension (including, without limitation, that the Company shall operate the SCL pursuant to a service concession as defined in the MTR Ordinance).

The new agreements referred to in paragraphs 1(i) and 1(ii) above form part of the legal and regulatory regime for the operation of railways in Hong Kong and are required for the purposes of the MTR Ordinance so that the SCL as a whole is properly regulated under the MTR Ordinance.

2. Background

2.1 Shatin to Central Link

It has been agreed that the Shatin to Central Link will be commissioned in two parts. The first of such parts extended the MOSR from Tai Wai Station to the West Rail Line via East Kowloon to form the Tuen Ma Line.

The Tuen Ma Line was in turn commissioned in two phases. The first of such phases extended the MOSR from Tai Wai Station to Kai Tak Station with two new stations at Hin Keng and Kai Tak, and incorporating one existing station at Diamond Hill, and was commissioned on 14 February 2020. The second of such phases extends from Kai Tak Station to Hung Hom Station with two new stations at Sung Wong Toi and To Kwa Wan and incorporating one existing station at Ho Man Tin, and it integrated the existing TML1 with the West Rail Line into a single railway line known as the Tuen Ma Line, and was commissioned on 27 June 2021.

The second part will extend the East Rail Line (Original) from Hung Hom Station to Admiralty Station via Exhibition Centre Station.

The SCL Arrangements have been entered into in connection with the commissioning and operation of the SCL as a whole and, in the case of the SSCA to, in addition, establish parameters for the arrangements relating to entry into a legally binding agreement in relation to an SCL Concession Extension for the Shatin to Central Link.

2.2 Reasons for, and benefits of, the SCL Arrangements

2.2.1 The Company believes that:

- (i) the completion of the SCL as a whole is very important for the Company as it preserves and enhances the Company's Hong Kong and overseas reputation as a railway operator which is engaged in the delivery of railway projects;
- (ii) the SCL as a whole is expected to preserve and enhance the Company's relationship with its various stakeholders, its reputation and its platform for future growth in Hong Kong;
- (iii) from a financial perspective, the financial arrangements under the ten-year SSCA have been designed to:
 - (a) achieve a commercial return for the Company from the operation of the SCL; and
 - (b) contribute, in aggregate, expected positive net cash flow and net profit to the Company, over the term of the SSCA, albeit on a marginal basis; and
- (iv) the SCL as a whole is important to Hong Kong, as it is expected to bring direct benefits in terms of time savings and enhanced ease of travel between Hong Kong Island and the New Territories. Connectivity is one of the vital factors for achieving growth and development, and failure to improve Hong Kong's infrastructural

connectivity may reduce Hong Kong's long term competitiveness. The Company believes that the operation of the SCL as a whole, will be in the long term interests of the Company and Hong Kong.

2.3 The Board (including the Directors who were independent non-executive Directors at the date of the relevant Board meeting at which the SCL Arrangements were approved by the Board but excluding the Directors appointed by Government under section 8 of the MTR Ordinance or who hold a position in Government) believe that the terms of the SCL Arrangements are:

2.3.1 of a revenue nature and in the ordinary and usual course of business of the Group;

2.3.2 on normal commercial terms; and

2.3.3 on terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole.

None of the Directors appointed by Government under section 8 of the MTR Ordinance, or who holds a position in Government, was present at the relevant Board meeting at which the SCL Arrangements were approved by the Board and did not vote on the relevant Board resolutions (further details are contained in paragraph 5.2 below).

2.4 Rail Merger

On 2 December 2007, following the approval by the independent shareholders of the Company, the Rail Merger became effective. The terms of the Rail Merger were set out in various transaction agreements which were entered into on 9 August 2007, including:

2.4.1 the Existing Integrated Operating Agreement (see section 3 below); and

2.4.2 the Existing Service Concession Agreement (see section 4 below),

as more particularly described in the Rail Merger Circular.

3. Amendment Operating Agreement and Supplemental Operating Agreement

3.1 Existing Integrated Operating Agreement

The AOA amends and the SOA supplements the Existing Integrated Operating Agreement for the purpose of regulating the operation of the SCL.

On 9 August 2007, in connection with the Rail Merger, the Company and the Secretary for Transport and Housing, for and on behalf of Government, entered into the Existing Integrated Operating Agreement. The Existing Integrated Operating Agreement is prescribed under the MTR Ordinance and regulates the operation by the Company of railways in Hong Kong. It also includes terms relating to new railway projects such as the SCL.

In relation to new railway projects, the Existing Integrated Operating Agreement provides that, unless otherwise agreed by the Company and Government, for each new railway project that Government invites the Company to operate under the service concession approach, additional concession payments are to be structured, *inter alia*:

- 3.1.1 so as to enable the Company to earn a commercial rate of return in relation to the operation of the new railway; and
- 3.1.2 in a similar way as the payment structure under the Existing Service Concession Agreement (being in the form of fixed annual payments and variable annual payments), where KCRC is the owner of the new railway project.

For further details of the terms of the Existing Integrated Operating Agreement, please refer to pages III-20 to III-33 of the Rail Merger Circular.

3.2 Amendment Operating Agreement and Supplemental Operating Agreement to the Existing Integrated Operating Agreement

On 10 May 2022, the Company and the Secretary for Transport and Housing, for and on behalf of Government, entered into the AOA to amend and the Company and the Commissioner for Transport, for and on behalf of Government, entered into the SOA to supplement the Existing Integrated Operating Agreement in order to prescribe the operational requirements that will apply to the SCL as a whole, such as service standards. The intent and effect of the AOA and the SOA together is that the operational requirements that are applicable to the existing railway network will apply in substantially the same manner to the SCL as a whole.

The AOA and the SOA are each an “operating agreement” for the purposes of the MTR Ordinance, form part of the legal and regulatory regime for the operation of railways in Hong Kong and are required for the purposes of the MTR Ordinance so that the SCL as a whole is properly regulated under the MTR Ordinance.

3.3 Principal Terms of the AOA and SOA

The principal terms of the AOA and the SOA have the effect of bringing the SCL as a whole within the legal and regulatory regime for the operation of railways in Hong Kong contained in the Existing Integrated Operating Agreement, as explained in paragraph 3.2 above. The amendments under the AOA and the SOA will take effect on 10 May 2022.

4. **Supplemental Service Concession Agreement**

4.1 Existing Service Concession Agreement

The Existing Service Concession Agreement prescribes the form of the supplemental service concession agreement for new concession projects such as the SCL. The SSCA supplements the Existing Service Concession Agreement which regulates the operation of the part of the existing railway network over which KCRC has granted to the Company a concession, so that the SCL as a

whole is subject to similar concession arrangements.

On 9 August 2007, in connection with the Rail Merger, the Company and KCRC entered into the Existing Service Concession Agreement. The Existing Service Concession Agreement is contemplated in the MTR Ordinance and regulates the operation by the Company of the KCRC railway system. Under the Existing Service Concession Agreement, KCRC granted the Company the right to access, use and operate the existing KCRC railway system for a concession period of 50 years.

Under the Existing Service Concession Agreement, the Company is obliged to pay to KCRC an annual fixed payment of HK\$750 million in each year during the concession period and variable annual payments which are calculated on a tiered basis by reference to the revenue generated from the KCRC railway system.

The Existing Service Concession Agreement also provides that, where a new railway project is to be the subject of a service concession granted by KCRC in favour of the Company, the Company and KCRC shall enter into a supplemental service concession agreement in the form prescribed in the Existing Service Concession Agreement. A supplemental service concession agreement was entered into between the Company and KCRC on 23 August 2018 in respect of the Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link (now known as “High Speed Rail”) based on the form prescribed in the Existing Service Concession Agreement. The SSCA (TML1) was entered into between the Company and KCRC on 11 February 2020 in respect of TML1 and the SSCA (TML2) was entered into between the Company and KCRC on 21 June 2021 in respect of TML.

For further details of the terms of the Existing Service Concession Agreement, please refer to pages III-8 to III-16 of the Rail Merger Circular, for further details of the terms of the SSCA (TML1), please refer to the 2020 Announcement and for further details of the terms of the SSCA (TML2), please refer to the 2021 Announcement.

4.2 Supplemental Service Concession Agreement

On 10 May 2022, the Company and KCRC entered into the SSCA, to supplement the Existing Service Concession Agreement and to supersede and replace the SSCA (TML2) in order for KCRC to grant a concession to the Company in respect of the SCL as a whole and to prescribe the operational and financial requirements that will apply to the SCL as a whole. The intent and effect of the SSCA is that the operational requirements that are applicable to the Company’s operation of the existing KCRC railway system will apply in substantially the same manner to the SCL as a whole, save where any amendments are necessary to reflect the particular characteristics of, and arrangements for, SCL as a whole. The financial provisions in the SSCA have been designed to reflect the principles contained in the Existing Integrated Operating Agreement that relate to new concession projects, such as SCL (as referred to in paragraph 3.1 above) other than as set out below.

The SSCA is a “service concession agreement” for the purposes of the MTR Ordinance, forming part of the legal and regulatory regime for the operation of railways in Hong Kong, and is required for the purposes of the MTR Ordinance so that the SCL as a whole is properly regulated under the MTR Ordinance.

4.3 Principal Terms of the SSCA

The terms of the SSCA are based substantially on the terms of the Existing Service Concession Agreement, as explained in paragraph 4.2 above. Whilst the SSCA came into effect on 10 May 2022, the term of the Service Concession (SCL) shall commence on the New Project Effective Date (NSL) and will terminate automatically on and from the Natural Expiry Date (SCL) (being the date immediately before the tenth anniversary of the Commercial Operation Date (NSL)) (assuming the Termination Date (SCL) does not fall prior to the Natural Expiry Date (SCL)) and shall comprise the following two periods: (a) the pre-operation period commencing from (and including) the New Project Effective Date (NSL) and ending on (and including) the date immediately before the Commercial Operation Date (NSL) and (b) the operation period commencing from (and including) the Commercial Operation Date (NSL) and ending on the day prior to the Natural Expiry Date (SCL) or other Termination Date (SCL) (if applicable).

Certain principal terms of the SSCA that are specific to SCL include:

4.3.1 Concession payments

The concession payments under the SSCA consists of variable annual payments (payable by the Company to KCRC) and fixed annual payments (payable by KCRC to the Company).

(i) *Variable annual payments and fixed 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 Tuen Ma Line and the East Rail Line (including the NSL) fares received or retained by the Company and revenue derived from businesses related to the Tuen Ma Line and the East Rail Line (including the NSL) which may include, without limitation, telecommunications and kiosk rental, subject to certain agreed adjustments.

In light of the variable annual payments described in the first part of this paragraph 4.3.1(i) and in order for the Company to be able to earn a commercial return as described above, the fixed annual payments shall comprise payments from KCRC to the Company

over the Concession Period (SCL). 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.

(ii) *Estimated net amount of the concession payments*

Based on the Concession Period (SCL) terminating on the Natural Expiry Date (SCL), the estimated net amount of the concession payments under the SSCA (taking into account both the estimated variable annual payments and the fixed annual payments for SCL) payable by the Company to KCRC is expected, in aggregate, to be approximately HK\$1,036 million (subject to certain agreed adjustments) over the Concession Period (SCL).

4.3.2 Equalisation payment

If the Termination Date (SCL) occurs prior to 31 December 2028, KCRC is required to make a payment to the Company of an amount that is equivalent to the aggregate fixed annual payment payable by KCRC over the ten year life of the concession, reduced pro rata to take account of the time at which termination occurs, and less any amounts of the fixed annual payment already paid to the Company. The intention of this equalisation payment is to ensure that the Company is partly protected in the event of early termination of the concession in respect of the Shatin to Central Link.

4.3.3 A new legally binding agreement in relation to an SCL Concession Extension for the Shatin to Central Link

On and from 1 January 2029 (or such earlier date as may be agreed in writing by the Company, KCRC and Government) up to and including the date that is twelve months before the Natural Expiry Date (SCL) (prior to any extension) or such later date as may be agreed in writing by the Company, KCRC and Government, Government, the Company and KCRC shall commence exclusive negotiations in good faith with a view to agreeing the terms of a legally binding agreement in relation to an SCL Concession Extension (including, without limitation, that the Company shall operate the SCL pursuant to a service concession as defined in the MTR Ordinance) which shall apply to the SCL the Existing Integrated Operating Agreement and which should in accordance with the Existing Integrated Operating Agreement, enable the Company to earn a commercial rate of return from its operation of the Shatin to Central Link.

4.3.4 Return requirements

If the Concession Period (SCL) expires or is terminated, and there has been no SCL Concession Extension, the Company shall, at no cost to KCRC, redeliver possession of the SCL concession property (which, for the avoidance of doubt, excludes the MOSR, the West Rail Line and the

East Rail Line (Original)).

4.3.5 Miscellaneous

Whilst the SSCA shall supersede and replace the SSCA (TML2) (which shall be terminated with effect from the Commercial Operation Date (NSL) except as otherwise agreed), such supersession and replacement shall not affect the rights and claims accrued to each party by virtue of provisions in SSCA (TML2) (or SSCA (TML1)), or otherwise arising from any antecedent breach by the other party of any provision respectively therein.

5. **Waivers relating to connected transactions and continuing connected transactions**

5.1 General

As Government is a substantial shareholder of the Company (through FSI) and the sole shareholder of KCRC (through FSI, making KCRC an “associate” of Government for the purposes of the Listing Rules), the AOA, SOA and SSCA constitute continuing connected transactions for the Company.

5.2 Existing Waivers

As disclosed in previous announcements made by the Company, given the unique nature of the Company, its business and its ongoing dealings with Government and its associates (including KCRC), at the time of the Company’s initial public offering and listing on the Stock Exchange (and as renewed thereafter) and again at the time of the Rail Merger, the Stock Exchange granted Waivers to the Company which, subject to certain conditions, exempt the Company from strict compliance with the requirements of Chapter 14A of the Listing Rules which would otherwise apply to connected transactions and continuing connected transactions between the Company and Government and its associates (including KCRC). Had the Waivers not been granted, the reporting, annual review, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules would have been applicable.

Under the Waivers, in certain circumstances, the Company is required to make an announcement in respect of proposed connected transactions and continuing connected transactions in accordance with Rule 14A.35 of the Listing Rules and to disclose details of such proposals in its next annual report in accordance with Rule 14A.71 of the Listing Rules. The Waivers also require the Company to make proposed connected transactions and continuing connected transactions subject to the approval of the Board, with the Directors appointed by Government under section 8 of the MTR Ordinance and any Director who holds a position in Government being required to abstain from voting.

The Board (including the Directors who were independent non-executive Directors at the date of the relevant Board meeting at which the SCL Arrangements were approved by the Board, but excluding the Directors who were

appointed by Government pursuant to section 8 of the MTR Ordinance or who hold a position in Government, being Christopher Hui Ching-yu (Secretary for Financial Services and the Treasury), Secretary for Transport and Housing (Frank Chan Fan), Permanent Secretary for Development (Works) (Ricky Lau Chun-kit) and Commissioner for Transport (Rosanna Law Shuk-pui)) concluded that the terms of the SCL Arrangements are:

- (i) of a revenue nature and in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms; and
- (iii) on terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole,

and approved the entry by the Company into the SCL Arrangements. The Directors who were appointed by Government pursuant to section 8 of the MTR Ordinance (referred to above), or who hold a position in Government (referred to above), were not present at the relevant Board meeting at which the SCL Arrangements were approved by the Board and did not vote on the relevant Board resolutions.

5.3 Details of the SCL Arrangements will be disclosed in the next annual report of the Company.

5.4 In addition:

5.4.1 the independent non-executive Directors of the Company will review the SCL Arrangements every year and confirm in the Company's annual report that the transactions have been entered into:

- (i) in the ordinary and usual course of the business of the Group;
- (ii) on normal commercial terms or better; and
- (iii) on terms that are fair and reasonable and in the interests of the Company's shareholders as a whole;

5.4.2 the auditors of the Company will provide a letter to the Board each year (with a copy to the Stock Exchange at least 10 business days prior to the bulk printing of the Company's annual report), reporting, on the basis of procedures performed, whether anything has come to their attention that causes them to believe that the transactions under the SCL Arrangements:

- (i) have not been approved by the Board; and
- (ii) have not been entered into in accordance with the SCL Arrangements;

5.4.3 the Company will allow, and use its reasonable endeavours to procure

that the counterparty to the transactions will allow, the auditors of the Company sufficient access to their records for the purposes of giving the confirmation in paragraph 5.4.2 above;

5.4.4 the Company will state in its annual report whether its auditors have given the confirmation in paragraph 5.4.2 above; and

5.4.5 the Company will notify the Stock Exchange promptly and publish an announcement if it knows or has reason to believe the independent non-executive Directors and/or the auditors of the Company will not be able to give the confirmation in paragraphs 5.4.1 and 5.4.2 above.

B. General

The Group is principally engaged in the following core businesses: railway design, construction, operation, maintenance and investment in Hong Kong, Macao, Mainland China and a number of overseas cities; project management in relation to railway and property development businesses in Hong Kong and Mainland China; station commercial business including leasing of station retail space, leasing of advertising space inside trains and stations, and enabling of telecommunication services on the railway system in Hong Kong; property business, including property development and investment, management and leasing management of investment properties (including shopping malls and offices) in Hong Kong and Mainland China; investment in Octopus Holdings Limited; provision of railway management, engineering and technology training; and investment in relevant new technologies.

KCRC is a statutory public corporation wholly owned by Government and is principally engaged in the business of holding railway assets.

Government is the Government of Hong Kong and is a substantial shareholder of the Company (through FSI).

The Directors who were appointed by Government pursuant to section 8 of the MTR Ordinance or who hold a position in Government were not present at the relevant Board meeting at which the SCL Arrangements described in this announcement were approved by the Board and did not vote on the relevant Board resolutions.

C. Definitions

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

“AOA” or “Amendment Operating Agreement”	means the Amendment Agreement to the Existing Integrated Operating Agreement made between the Company and the Secretary for Transport and Housing for and on behalf of Government on 10 May 2022.
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“Board”	means the board of Directors of the Company.
“Commercial Operation Date (NSL)”	means the date to be designated in a notice to the Company and KCRC by Government, being the date of the commencement of the commercial operation of the NSL.
“Company”	means MTR Corporation Limited.
“Concession Period (SCL)”	means the period commencing on the New Project Effective Date (NSL) and ending on the day prior to the Termination Date (SCL) and shall comprise the following two periods: (a) the pre-operation period commencing from (and including) the New Project Effective Date (NSL) and ending on (and including) the date immediately before the Commercial Operation Date (NSL) and (b) the operation period commencing from (and including) the Commercial Operation Date (NSL) and ending on the day prior to the Termination Date (SCL).
“Director”	means a member of the Board.
“East Rail Line”	means East Rail Line (Original) and the NSL.
“East Rail Line (Original)”	means the railway lines connecting Lo Wu Station and Lok Ma Chau Station to Hung Hom Station (excluding such portion of the Hung Hom Station designed and constructed pursuant to the entrustment agreements for the TML1, TML2, NSL, the assets specified in schedule 2 to the assignment deed dated 21 June 2021 entered into between KCRC and Government in relation to TML2 and the assets specified in schedule 2 to the assignment deed dated on or about the date of the SSCA entered into between KCRC and Government in relation to the NSL).
“Existing Integrated Operating Agreement”	means the Integrated Operating Agreement dated 9 August 2007 made between the Company and the Secretary for Transport and Housing for and on behalf of Government, and, where the context so requires, as amended and supplemented (but excluding the Amendment Operating Agreement).
“Existing Service Concession Agreement”	means the Service Concession Agreement dated 9 August 2007 made between the Company and KCRC.
“FSI”	means The Financial Secretary Incorporated.

“Government”	means the Government of Hong Kong.
“Group”	means the Company and its subsidiaries.
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China.
“KCRC”	means Kowloon-Canton Railway Corporation.
“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
“MOSR”	means the previously existing Ma On Shan Railway.
“MTR Ordinance”	means the Mass Transit Railway Ordinance (Cap. 556 of the Laws of Hong Kong).
“Natural Expiry Date (SCL)”	means the day falling immediately before the tenth anniversary of the Commercial Operation Date (NSL), or such later date as each of the Company, KCRC and Government may agree in a written agreement by no later than the date falling one month prior to the tenth anniversary of the Commercial Operation Date (NSL) or prior to the last extended date (where applicable).
“New Project Effective Date (NSL)”	means the date on which the term of the Service Concession (SCL) commences, as designated by Government in a notice to the Company and KCRC.
“NSL”	means the part of the railway line connecting such portion of the Hung Hom Station designed and constructed pursuant to the entrustment agreements for the NSL, the Exhibition Centre Station and the SCL Portion (ADM) (as defined in the assignment deed dated on or about the date of the SSCA entered into between the Company and KCRC in relation to the Admiralty Station).
“Rail Merger”	the merger of the rail operations of the Company and KCRC which took place on 2 December 2007, as more particularly described in the Rail Merger Circular.
“Rail Merger Circular”	means the circular issued by the Company on 3 September 2007 in connection with the Rail Merger.
“Service Concession	means the service concession and licence granted by KCRC to the Company pursuant to the terms of

(SCL)”	the SSCA.
“SCL” or “Shatin to Central Link”	<p>means the entire Shatin to Central Link which will be constituted by:</p> <p>(i) the existing Tuen Ma Line; and</p> <p>(ii) the NSL,</p> <p>unless otherwise expressly excluded under or pursuant to any provision of the SSCA.</p>
“SCL Arrangements”	means the arrangements contained in the SSCA, the AOA and the SOA.
“SCL Concession Extension”	means any extension of the Concession Period (SCL) beyond the Natural Expiry Date (SCL) on such terms and conditions as the Company on the one hand, and KCRC (or a nominee of the Government and/or any third party designated by Government) on the other may agree by way of an agreement to follow the SSCA (including, without limitation, that the Company shall operate the SCL pursuant to a service concession as defined in the MTR Ordinance).
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited.
“SOA” or “Supplemental Operating Agreement”	means the Supplemental Agreement to the Existing Integrated Operating Agreement made between the Company and the Commissioner for Transport for and on behalf of Government on 10 May 2022.
“SSCA” or “Supplemental Service Concession Agreement”	means the Supplemental Service Concession Agreement No. 4 relating to SCL dated 10 May 2022 made between the Company and KCRC.
“SSCA (TML1)”	means the Supplemental Service Concession Agreement No. 2 relating to TML1 dated 11 February 2020 made between the Company and KCRC.
“SSCA (TML2)” or “Supplemental Service Concession Agreement (TML2)”	means the Supplemental Service Concession Agreement No. 3 relating to TML dated 21 June 2021 made between the Company and KCRC.
“Termination Date (SCL)”	<p>means the date that is the earliest of:</p> <p>(i) the effective date of the revocation of the franchise pursuant to the MTR Ordinance</p>

as it relates to the KCRC Railway;

- (ii) the effective date of the withdrawal or revocation of the permission by the Director of Lands pursuant to the vesting deeds entered into between KCRC and Government as well as the revocation of the franchise pursuant to the MTR Ordinance as it relates to SCL;
- (iii) any date designated as a Termination Date (SCL) for the purposes of the SSCA in any legally binding agreement for any SCL Concession Extension (which shall supersede and replace the SSCA); and
- (iv) the Natural Expiry Date (SCL).

“TML” or “Tuen Ma Line”

means the entire Tuen Ma Line which is constituted by:

- (i) the section previously known as the MOSR;
- (ii) the TML1;
- (iii) the TML2; and
- (iv) the section previously known as the West Rail Line,

unless otherwise expressly excluded under or pursuant to any provision of the SSCA.

“TML1”

means the first phase of the Tuen Ma Line which extends the MOSR from Tai Wai Station to Kai Tak Station with two new stations at Hin Keng and Kai Tak, and incorporating one existing station at Diamond Hill.

“TML2”

means the second phase of the Tuen Ma Line which extends from Kai Tak Station to Hung Hom Station with two new stations at Sung Wong Toi and To Kwa Wan and incorporating one existing station at Ho Man Tin.

“Waivers”

means the waivers previously granted by the Stock Exchange to the Company in respect of connected transactions and continuing connected transactions between the Company and Government (and its associates), as described in paragraph 5.2 above (further details of which are contained in the section of the Rail Merger Circular

entitled "Relationship with Government").

By Order of the Board
Gillian Elizabeth Meller
Company Secretary

Hong Kong, 10 May 2022

As at the date of this announcement:

Members of the Board: Dr Rex Auyeung Pak-kuen (Chairman)**, Dr Jacob Kam Chak-pui (Chief Executive Officer), Andrew Clifford Winawer Brandler*, Dr Bunny Chan Chung-bun*, Walter Chan Kar-lok*, Dr Pamela Chan Wong Shui*, Dr Dorothy Chan Yuen Tak-fai*, Cheng Yan-kee*, Dr Anthony Chow Wing-kin*, Dr Eddy Fong Ching*, Hui Siu-wai*, Dr Rose Lee Wai-mun*, Jimmy Ng Wing-ka*, Benjamin Tang Kwok-bun*, Adrian Wong Koon-man*, Johannes Zhou Yuan*, Christopher Hui Ching-yu (Secretary for Financial Services and the Treasury)**, Secretary for Transport and Housing (Frank Chan Fan)**, Permanent Secretary for Development (Works) (Ricky Lau Chun-kit)** and Commissioner for Transport (Rosanna Law Shuk-pui)**

Members of the Executive Directorate: Dr Jacob Kam Chak-pui, Adi Lau Tin-shing, Roger Francis Bayliss, Margaret Cheng Wai-ching, Linda Choy Siu-min, Herbert Hui Leung-wah, Dr Tony Lee Kar-yun, Gillian Elizabeth Meller, David Tang Chi-fai and Jeny Yeung Mei-chun

* *independent non-executive Director*

** *non-executive Director*

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