
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold all your shares in MTR Corporation Limited (地鐵有限公司) (the "Company"), you should at once hand this document and the accompanying form of proxy and, if applicable, the Annual Report and Accounts of the Company or the Summary Financial Report of the Company to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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MTR CORPORATION LIMITED

(地鐵有限公司)

(Incorporated in Hong Kong with limited liability)

(Stock Code: 66)

**PROPOSED GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES,
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION,
RENEWAL OF THE SCRIP DIVIDEND SCHEME, RE-ELECTION OF DIRECTORS
AND NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the Annual General Meeting of the Company to be held at The Ballroom (3/F), JW Marriott Hotel, Pacific Place, 88 Queensway, Hong Kong on Thursday, 8th June, 2006 at 11:30 a.m. is set out in this document. **Please note that light refreshments will be provided at the Annual General Meeting.**

Whether or not you are able to attend the Annual General Meeting, you are advised to read the notice and to complete and return the enclosed proxy form, in accordance with the instructions printed thereon, to the Company's registrar, Computershare Hong Kong Investor Services Limited, 46th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the Annual General Meeting. Completion of the proxy form and its return will not preclude you from attending, and voting at, the Annual General Meeting if you so wish.

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



MTR CORPORATION LIMITED

(地鐵有限公司)

(Incorporated in Hong Kong with limited liability)

(Stock Code: 66)

Board of Directors:

Dr. Raymond Ch'ien Kuo-fung (*Chairman*)**
Chow Chung-kong (*Chief Executive Officer*)
Professor Cheung Yau-kai*
David Gordon Eldon*
Christine Fang Meng-sang*
Edward Ho Sing-tin*
Lo Chung-hing*
T. Brian Stevenson*
Frederick Ma Si-hang (*Secretary for Financial Services and the Treasury*)**
Secretary for the Environment, Transport and Works (Dr. Sarah Liao Sau-tung)**
Commissioner for Transport (Alan Wong Chi-kong)**

Registered Office:

MTR Tower,
Telford Plaza,
Kowloon Bay,
Hong Kong

* *independent non-executive Directors*

** *non-executive Directors*

18th April, 2006

To: the shareholders of the Company and
the option holders under the Pre-Global Offering Share Option Scheme and
the New Joiners Share Option Scheme of the Company (for information only)

Dear Sir or Madam,

**PROPOSED GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES,
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION,
RENEWAL OF THE SCRIP DIVIDEND SCHEME, RE-ELECTION OF DIRECTORS
AND NOTICE OF ANNUAL GENERAL MEETING**

The sixth annual general meeting of the Company (the "**Annual General Meeting**") will be held on Thursday, 8th June, 2006. Notice of the meeting (the "**Notice**") is set out in this document, and a proxy form and, if applicable, the Annual Report and Accounts, or the Summary Financial Report, of the Company for the year ended 31st December, 2005, accompany this document. Details of the resolutions to be proposed at the Annual General Meeting are set out in the Notice.

GENERAL MANDATES TO ISSUE AND PURCHASE SHARES

At the annual general meeting of the Company held on 2nd June, 2005, the then shareholders in the Company passed resolutions granting general mandates to the Board of Directors (the "**Directors**") to issue and purchase shares in the Company. These general mandates will lapse at the conclusion of the Annual General Meeting. Resolutions will therefore be proposed at the Annual General Meeting to renew the grant of these general mandates, although the Company is seeking shareholder approval for an Issue Mandate (as defined below) not exceeding ten per cent. of the Company's issued share capital as at the date of the resolution instead of twenty per cent., which is the amount that has been granted in previous years and is the maximum amount permitted under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). Despite a twenty per cent. Issue Mandate being granted in the past, this has not been used and, accordingly, approval is being sought for a smaller Issue Mandate of ten per cent. of the Company's issued share capital as at the date of the resolution. The relevant resolutions, in summary, are:

- an ordinary resolution to give the Directors a general and unconditional mandate to allot, issue, grant, distribute and otherwise deal with additional shares in the Company, not exceeding ten per cent. of the Company's issued share capital as at the date of the resolution (as adjusted in accordance with the resolution), for the period until the conclusion of the next annual general meeting of the Company (or such earlier period as stated in the resolution) (the "**Issue Mandate**");
- an ordinary resolution to give the Directors a general and unconditional mandate to exercise all the powers of the Company to purchase an amount of shares in the Company not exceeding ten per cent. of the Company's issued share capital as at the date of the resolution, for the period until the conclusion of the next annual general meeting of the Company (or such earlier period as stated in the resolution) (the "**Repurchase Mandate**"); and

LETTER FROM THE CHAIRMAN

- conditional on the passing of the resolutions to grant the Issue Mandate and the Repurchase Mandate, an ordinary resolution to authorise the Directors to exercise the powers to allot, issue, grant, distribute and otherwise deal with additional shares in the Company under the Issue Mandate in respect of the aggregate nominal amount of share capital in the Company purchased by the Company.

The full text of these resolutions is set out in the Notice of Annual General Meeting in this document. In addition, and as required under the Listing Rules, an explanatory statement providing the requisite information regarding the Repurchase Mandate is set out in the Appendix to this document.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

A special resolution (Resolution 9, the full text of which is set out in the Notice of Annual General Meeting in this document) will be proposed at the Annual General Meeting to amend the articles of association of the Company (the "**Articles of Association**") to (a) increase the cap on total fees paid to Directors for performing their services as Directors from HK\$3,000,000 a year to HK\$6,000,000 a year. Notwithstanding this, there is no current intention of making an upward adjustment of fees for individual Directors at this time. The proposed increase in the total fees allowable is to allow some flexibility on the future number of, and amount of fees payable to, Directors; and (b) permit the Company to disseminate its corporate communications to shareholders via electronic means where such shareholders have given an express, positive confirmation in writing that they wish to receive such communications in this manner. In this regard, the Company intends to write to shareholders later this year to ask whether they would like to receive all future corporate communications from the Company in electronic form, subject to Resolution 9(B) being passed at the Annual General Meeting.

RENEWAL OF THE SCRIP DIVIDEND SCHEME

At the annual general meeting of the Company held on 17th May, 2001, the then shareholders in the Company passed a resolution to authorise the Directors to exercise the power contained in Article 131 of the Articles of Association to offer a scrip dividend alternative in respect of some or all of the dividends declared or paid in the period up to and including the Company's annual general meeting held in the fifth year after the date on which the resolution was passed. The Directors' authority to offer a scrip dividend alternative will therefore lapse at the conclusion of the Annual General Meeting. A resolution will therefore be proposed at the Annual General Meeting to renew the authorisation for the Directors to offer a scrip dividend alternative in respect of some or all of the dividends declared or paid in the period up to and including the annual general meeting which is held in the fifth year after the date on which the resolution is passed (i.e. in 2011). If this resolution is passed, the first dividend for which this authority would apply is the 2006 interim dividend.

RE-ELECTION OF DIRECTORS

Three Directors will retire from office at the Annual General Meeting and will offer themselves for re-election. Dr. Raymond Ch'ien Kuo-fung, T. Brian Stevenson and Frederick Ma Si-hang will retire from office by rotation at the Annual General Meeting pursuant to Articles 87 and 88 of the Articles of Association, and will offer themselves for re-election. The details of those three Directors are as follows:

Dr. Raymond Ch'ien Kuo-fung, aged 54, was appointed Non-executive Chairman in July 2003 for a term of three years. He has been a Director since 2000. Dr. Ch'ien was a Board Member of the statutory corporation Mass Transit Railway Corporation (the Company's predecessor) since 1998. As a non-executive Director, Dr. Ch'ien is not appointed for a specific term but is subject to retirement by rotation and re-election at the Company's annual general meetings in accordance with Articles 87 and 88 of the Articles of Association.

Dr. Ch'ien is chairman of CDC Corporation (formerly known as chinadotcom Corporation) and its subsidiary, China.com Inc. (formerly known as hongkong.com Corporation), and non-executive chairman of HSBC Private Equity (Asia) Limited. He serves on the boards of HSBC Holdings plc, The Hongkong and Shanghai Banking Corporation Limited, Inchcape plc, Convenience Retail Asia Limited, VTech Holdings Limited and The Wharf (Holdings) Limited. Dr. Ch'ien is chairman of the Advisory Committee on Corruption of the Independent Commission Against Corruption, chairman of the Hong Kong/European Union Business Cooperation Committee, a Hong Kong member of the APEC Business Advisory Council, and the honorary president and past chairman of the Federation of Hong Kong Industries. He was a member of the Executive Council of Hong Kong, then under British Administration, from 1992 to 1997, and a member of the Executive Council of the Hong Kong Special Administrative Region of the People's Republic of China (the "**Hong Kong SAR**") from 1st July, 1997 to June 2002. Dr. Ch'ien was appointed Justice of the Peace in 1993. He was made a Commander in the Most Excellent Order of the British Empire in 1994 and awarded the Gold Bauhinia Star medal in 1999. Dr. Ch'ien received a doctoral degree in economics from the University of Pennsylvania in 1978.

As at 6th April, 2006 (being the latest practicable date before the printing of this document, the "**Latest Practicable Date**"), Dr. Ch'ien was not interested in and did not hold any short positions in any shares or underlying shares in or any debentures of the Company or any of its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**") as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**").

Dr. Ch'ien is not related to any Director, senior management or substantial or controlling shareholder of the Company.

As a non-executive Director, Dr. Ch'ien has not entered into any service contract with the Company. The amount of Dr. Ch'ien's emoluments is HK\$1,000,000 as determined by The Financial Secretary Incorporated ("**FSI**") on behalf of The Government of the Hong Kong SAR (the "**Government**").

T. Brian Stevenson, aged 61, has been a Director since October 2002. As a non-executive Director, Mr. Stevenson is not appointed for a specific term but is subject to retirement by rotation and re-election at the Company's annual general meetings in accordance with Articles 87 and 88 of the Articles of Association.

LETTER FROM THE CHAIRMAN

Mr. Stevenson is a non-executive director of The Hongkong and Shanghai Banking Corporation Limited, a member of the Asia Pacific Advisory Board of British Telecom, a member of the Public Service Commission and a Steward of the Hong Kong Jockey Club. Mr. Stevenson was previously the Senior Partner of Ernst & Young, Hong Kong from 1981 to 1999. He served on the Council of the Hong Kong Society of Accountants from 1991 to 1997 and was president of the Society in 1996. He is a chartered accountant and holds law degrees from Glasgow and Hong Kong Universities.

As at the Latest Practicable Date, Mr. Stevenson owned 4,585 shares in the Company. Save as disclosed above, Mr. Stevenson was not interested in and did not hold any short positions in any shares or underlying shares in or any debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Mr. Stevenson is not related to any Director, senior management or substantial or controlling shareholder of the Company.

As a non-executive Director, Mr. Stevenson has not entered into any service contract with the Company. The amount of Mr. Stevenson's emoluments is HK\$280,000 as determined by the Board of Directors of the Company (the "**Board**"). This amount is in line with the amount payable by the Company to other Directors of the Company.

As an independent non-executive Director with a diverse business and professional background, Mr. Stevenson brings his valuable experience to the Board for promoting the best interests of the Company and its shareholders. Alongside the other independent non-executive Directors, Mr. Stevenson contributes to ensuring that the interests of all shareholders of the Company are taken into account and that relevant issues are subjected to objective and dispassionate consideration by the Board. The Company has received written confirmation from Mr. Stevenson concerning his independence in accordance with the Listing Rules, and believes that Mr. Stevenson continues to be independent.

Frederick Ma Si-hang, aged 54, joined the Board as a non-executive Director on 1st July, 2002 upon his appointment as Secretary for Financial Services and the Treasury of the Government. As a non-executive Director, Mr. Ma is not appointed for a specific term but is subject to retirement by rotation and re-election at the Company's annual general meetings in accordance with Articles 87 and 88 of the Articles of Association.

Before assuming the post of Secretary for Financial Services and the Treasury of the Government, Mr. Ma was Group Chief Financial Officer of PCCW Ltd. and was also an executive director and member of the Executive Committee of that group. Mr. Ma has more than 20 years' experience in the global financial services industry. He has served in key posts in J.P. Morgan Private Bank, Chase Manhattan Bank, Kumagai Gumi (Hong Kong) Limited and RBC Dominion Securities Limited. Besides serving as a board member of Kowloon-Canton Railway Corporation, Ocean Park Corporation and the Airport Authority, Mr. Ma is also a director of Hong Kong International Theme Parks Limited, Hong Kong Mortgage Corporation Limited and Mandatory Provident Fund Schemes Authority. Graduated from The University of Hong Kong in 1973, Mr. Ma holds a Bachelor of Arts degree, majoring in Economics and History.

As at the Latest Practicable Date, Mr. Ma was not interested in and did not hold any short positions in any shares or underlying shares in or any debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Save as disclosed above, Mr. Ma is not related to any Director, senior management or substantial or controlling shareholder of the Company.

As a non-executive Director, Mr. Ma has not entered into any service contract with the Company. The amount of Mr. Ma's emoluments is HK\$230,000 as determined by the Board. This amount is in line with the amount payable by the Company to other Directors of the Company.

In relation to the re-election of the above Directors, there is no information which is discloseable nor are/were they involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions of rules 13.51(2)(h) to (v) of the Listing Rules, and there is no other matter which needs to be brought to the attention of the shareholders of the Company.

PROCEDURE BY WHICH A POLL MAY BE DEMANDED

Under the Articles of Association, at any general meeting, on a show of hands every shareholder present in person shall have one vote and on a poll every shareholder present in person or by proxy shall have one vote for every share he holds. A resolution put to the vote of a meeting shall be decided on a show of hands unless a poll is demanded when, or before, the chairman of the meeting declares the result of the show of hands. A poll may be demanded by:

- the chairman of the meeting;
- at least five shareholders at the meeting (including proxies) who are entitled to vote;
- one or more shareholders at the meeting (including proxies) who are (or represent members who are) entitled to vote and who have between them at least ten per cent. of the total votes of all shareholders (including proxies) who have the right to vote at the meeting; or
- one or more shareholders (including proxies) who have (or represent members who have) shares which allow them to vote at the meeting and on which the total amount which has been paid up on these shares is at least ten per cent. of the total sum paid up on all shares which give the right to vote at the meeting.

LETTER FROM THE CHAIRMAN

RECOMMENDATION

The Directors consider that the proposed resolutions set out in the Notice of Annual General Meeting, including the proposed resolutions granting the Issue Mandate and the Repurchase Mandate, are in the best interests of the Company and its shareholders as a whole. Accordingly, the Directors recommend shareholders to vote in favour of the proposed resolutions. The FSI which is the Company's majority shareholder and which holds approximately 76 per cent. of the issued share capital in the Company, has informed the Company that it intends to vote in favour of all of the proposed resolutions.

Yours faithfully,
Dr. Raymond Ch'ien Kuo-fung
Chairman

APPENDIX — SHARE REPURCHASE MANDATE: EXPLANATORY STATEMENT

This is an explanatory statement given to all shareholders of MTR Corporation Limited (地鐵有限公司) (the “**Company**”) in connection with the resolution (the “**Resolution**”) authorising the Company to purchase its own shares (the “**Repurchase Mandate**”) proposed to be considered, and if thought fit, passed by shareholders of the Company at the Annual General Meeting of the Company to be held on 8th June, 2006. This explanatory statement also constitutes the memorandum required under Section 49BA(3) of the Companies Ordinance.

Listing Rules

This explanatory statement contains the information required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), which provide that all repurchases of securities by a company with its primary listing on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) must be approved in advance by an ordinary resolution, either by way of a general mandate to the directors of the company to make such repurchases or by specific approval in relation to specific transactions.

Any repurchase would be made out of funds which are legally available for the purpose in accordance with the Company’s constitutive documents and the laws of Hong Kong.

It is proposed that the Repurchase Mandate will authorise the repurchase by the Company of up to ten per cent. of the shares in the Company (the “**Shares**”) in issue as at the date of passing the relevant resolution (the “**Resolution**”). As at 6th April, 2006 (the “**Latest Practicable Date**”), being the latest practicable date for determining such figure before the printing of this document, the authorised share capital of the Company was HK\$6,500,000,000 and the number of Shares in issue was 5,482,393,939 representing a paid-up share capital of HK\$5,482,393,939. On the basis of the 5,482,393,939 Shares in issue (and assuming no Shares will be issued or repurchased after the Latest Practicable Date and up to the date of passing the Resolution), the Company would be authorised under the Repurchase Mandate to repurchase a maximum of 548,239,393 Shares during the period in which the Repurchase Mandate remains in force. Any Shares repurchased pursuant to the Repurchase Mandate must be fully paid-up.

Reasons for Repurchases

The members of the Board of Directors of the Company (the “**Directors**”) and the members of the Executive Directorate of the Company (the “**Executive Directorate**”) believe that it is in the best interests of the Company and its shareholders to have a general authority from shareholders to enable the Directors to purchase Shares on the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value of the Company and its assets and/or its earnings (in each case on a per Share basis) and will only be made when the Directors believe that such repurchases will benefit the Company and its shareholders. There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the Company’s Annual Report and Accounts for the year ended 31st December, 2005) in the event that the Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements and gearing level of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

Disclosure of Interests

None of the Directors nor the members of the Executive Directorate nor, to the best of their knowledge having made all reasonable enquiries, any of their associates has any present intention, in the event that the Repurchase Mandate is approved by shareholders of the Company, to sell Shares to the Company.

No connected person (as defined in the Listing Rules) has notified the Company that he has a present intention to sell Shares to the Company, or has undertaken not to sell any of the Shares held by him to the Company, in the event that the Repurchase Mandate is authorised.

Undertaking

The Directors and members of the Executive Directorate have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of Hong Kong.

APPENDIX — SHARE REPURCHASE MANDATE: EXPLANATORY STATEMENT

Share Prices

During each of the twelve months preceding the Latest Practicable Date, the highest and lowest traded prices for Shares on the Stock Exchange were as follows:

	Highest (HK\$)	Lowest (HK\$)
2005		
April	12.50	11.75
May	14.40	12.35
June	15.10	13.90
July	16.40	14.50
August	16.60	15.30
September	16.30	15.35
October	16.30	14.45
November	15.85	14.50
December	15.80	15.00
2006		
January	16.60	15.05
February	17.75	15.70
March	18.45	16.60
April*	18.30	17.45

* Up to and including the Latest Practicable Date.

No purchase of Shares has been made by the Company (whether on the Stock Exchange or otherwise) in the six months immediately preceding the Latest Practicable Date.

Effect of the Takeover Code

The Directors and members of the Executive Directorate are not aware of any consequences which the exercise in full of the Repurchase Mandate would have under the Hong Kong Code on Takeovers and Mergers.

NOTICE OF ANNUAL GENERAL MEETING



MTR CORPORATION LIMITED

(地鐵有限公司)

(Incorporated in Hong Kong with limited liability)

(Stock Code: 66)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of MTR Corporation Limited (地鐵有限公司) (the "Company") will be held at The Ballroom (3/F), JW Marriott Hotel, Pacific Place, 88 Queensway, Hong Kong on Thursday, 8th June, 2006 at 11:30 a.m. for the purpose of transacting the following business:

ORDINARY BUSINESS

- (1) To receive and consider the audited Statement of Accounts and the Reports of the Directors and the Auditors of the Company for the year ended 31st December, 2005.
- (2) To declare a final dividend for the year ended 31st December, 2005.
- (3) To re-elect retiring members of the Board of Directors.
- (4) To re-appoint KPMG as Auditors of the Company and authorise the Board of Directors to determine their remuneration.

SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without modification the following ordinary resolutions:

- (5) **"THAT:**
 - (A) subject to paragraph (B) below, the exercise by the Board of Directors during the Relevant Period of all the powers of the Company to allot, issue, grant, distribute and otherwise deal with additional Shares and to make, issue or grant offers, agreements, options, warrants and other securities which will or might require Shares to be allotted, issued, granted, distributed or otherwise dealt with during or after the end of the Relevant Period, be and is hereby generally and unconditionally APPROVED;
 - (B) the aggregate nominal amount of share capital allotted, issued, granted, distributed or otherwise dealt with or agreed conditionally or unconditionally to be allotted, issued, granted, distributed or otherwise dealt with (whether pursuant to an option, conversion or otherwise) by the Board of Directors pursuant to the approval in paragraph (A) above, otherwise than pursuant to:
 - (i) a Rights Issue; or
 - (ii) any option scheme or similar arrangement for the time being adopted for the grant or issue to the members of the Executive Directorate and/or officers and/or employees of the Company and/or any of its subsidiaries of Shares or rights to acquire Shares, including without limitation pursuant to the Rules of the Company's Pre-Global Offering Share Option Scheme and also the Rules of the Company's New Joiners Share Option Scheme; or
 - (iii) the exercise of rights of subscription or conversion under the terms of any warrant issued by the Company or any securities which are convertible into Shares; or
 - (iv) any scrip dividend or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares pursuant to the Articles of Association of the Company from time to time, shall not exceed the aggregate of:
 - (a) ten per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this Resolution 5; and
 - (b) (if the Board of Directors is so authorised by a separate resolution of the shareholders of the Company) the aggregate nominal amount of share capital of the Company purchased by the Company subsequent to the passing of this Resolution 5 (up to a maximum equivalent to ten per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this Resolution 5),and the said approval shall be limited accordingly; and
 - (C) for the purpose of this Resolution 5:
 - (i) "Relevant Period" means the period from (and including) the date of passing this Resolution 5 until the earlier of:
 - (a) the conclusion of the next Annual General Meeting of the Company;
 - (b) the expiration of the period within which the next Annual General Meeting of the Company is required by the Articles of Association of the Company or by law to be held; and
 - (c) the revocation or variation of the authority given under this Resolution 5 by an ordinary resolution of the shareholders of the Company in general meeting;
 - (ii) "Rights Issue" means an offer of Shares open for a period fixed by the Board of Directors to holders of Shares on the register of members (and, if appropriate, to the holders of warrants and other securities which carry a right to subscribe or purchase shares in the Company on the relevant register) on a fixed record date in proportion to their then holdings of such Shares (and, if appropriate, such warrants and

NOTICE OF ANNUAL GENERAL MEETING

other securities) (subject to such exclusions or other arrangements as the Board of Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any legal or practical restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any jurisdiction or territory applicable to the Company); and

(iii) "Shares" means shares of all classes in the capital of the Company and warrants and other securities which carry a right to subscribe or purchase shares in the Company."

(6) **"THAT:**

(A) subject to paragraph (B) below, the exercise by the Board of Directors during the Relevant Period of all the powers of the Company to purchase Shares on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") or any other stock exchange on which the Shares may be listed and which is recognised for this purpose by the Securities and Futures Commission and the Stock Exchange, in accordance with all applicable laws, including the Hong Kong Code on Share Repurchases and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time), be and is hereby generally and unconditionally APPROVED;

(B) the aggregate nominal amount of Shares which may be purchased or agreed conditionally or unconditionally to be purchased pursuant to the approval in paragraph (A) above shall not exceed ten per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this Resolution 6, and the said approval shall be limited accordingly; and

(C) for the purpose of this Resolution 6:

(i) "Relevant Period" means the period from (and including) the passing of this Resolution 6 until the earlier of:

(a) the conclusion of the next Annual General Meeting of the Company;

(b) the expiration of the period within which the next Annual General Meeting of the Company is required by the Articles of Association of the Company or by law to be held; and

(c) the revocation or variation of the authority given under this Resolution 6 by an ordinary resolution of the shareholders of the Company in general meeting; and

(ii) "Shares" means shares of all classes in the capital of the Company and warrants and other securities which carry a right to subscribe or purchase shares in the Company."

(7) **"THAT**, conditional on the passing of Resolutions 5 and 6, the exercise by the Board of Directors of the powers referred to in paragraph (A) of Resolution 5 in respect of the share capital of the Company referred to in subparagraph (b) of paragraph (B) of Resolution 5, be and is hereby APPROVED AND AUTHORISED."

(8) **"THAT:**

(A) subject to paragraph (B) below, the exercise by the Board of Directors of the power contained in Article 131 of the Articles of Association of the Company to offer ordinary shareholders the right to choose to receive new ordinary shares of HK\$1.00 each in the capital of the Company, which are credited as fully paid up, instead of the whole or part of their cash dividend, in respect of some or all of the dividends (including, without limitation, any final and/or interim dividends) which may be declared or paid in the period up to and including the Annual General Meeting of the Company which is held in the fifth year after the date on which this ordinary Resolution 8 is passed (including, for the avoidance of doubt, any dividends which may be declared or paid in respect of the financial year ended 31st December, 2005), and to take all actions in connection therewith contemplated in Article 131, be and is hereby generally and unconditionally AUTHORISED AND APPROVED; and

(B) such power shall be exercised by the Board of Directors in accordance with Article 131 of the Articles of Association of the Company such that, amongst other things, a shareholder who accepts an offer to receive new ordinary shares will be entitled to receive ordinary shares the total relevant value of which is as near as possible to the value of the cash dividend he would otherwise have received, but not more than the value of such cash dividend, such relevant value being calculated in accordance with Article 131(b)."

To consider and, if thought fit, to pass with or without modification the following special resolution:

(9) **"THAT** the Articles of Association of the Company shall be amended as follows:

(A) in Article 96(a)(i), the amount "HK\$3,000,000" shall be deleted and replaced with the amount "HK\$6,000,000";

(B) (i) Article 2(c) shall be deleted and replaced with the following:

"Wherever any reference in the articles requires that a communication as between the Company, its directors or shareholders be effected in **writing**, the requirement may (if not inconsistent with the context in which it appears) be satisfied by the communication being given in the form of an electronic record if the person to whom the communication is given consents to it being given to him in that form as permitted under all applicable laws, rules or regulations and the Listing Rules; and references in the articles to an address in relation to electronic communications include any number or address used for the purposes of such communications."

(ii) Article 138 shall be amended by inserting a new paragraph (d) as follows:

"(d) by sending it using electronic communications to an address notified by the shareholder concerned to the Company for that purpose; or",

and the existing paragraph (d) shall be renumbered as paragraph (e).

NOTICE OF ANNUAL GENERAL MEETING

- (iii) Article 141 shall be amended by inserting a new paragraph (d) as follows:
- “(d) If a notice or document is given by e-mail, it is treated as being delivered by transmitting the e-mail to the address provided by the intended recipient and shall be deemed to have been received on the day following that on which it was sent, and it shall not be necessary for the receipt of the e-mail to be acknowledged by the recipients.”,
- and the existing paragraph (d) shall be renumbered as paragraph (e).”

By Order of the Board
Leonard Bryan Turk
Secretary

Hong Kong, 18th April, 2006

Members of the Board: Dr. Raymond Ch'ien Kuo-fung (*Chairman*), Chow Chung-kong (*Chief Executive Officer*), Professor Cheung Yau-kai, David Gordon Eldon, Christine Fang Meng-sang, Edward Ho Sing-tin, Lo Chung-hing, T. Brian Stevenson, Frederick Ma Si-hang (Secretary for Financial Services and the Treasury), Secretary for the Environment, Transport and Works (Dr. Sarah Liao Sau-tung) and Commissioner for Transport (Alan Wong Chi-kong)

Members of the Executive Directorate: Chow Chung-kong, Russell John Black, William Chan Fu-keung, Thomas Ho Hang-kwong, Lincoln Leong Kwok-kuen, Francois Lung Ka-kui, Andrew McCusker and Leonard Bryan Turk

Registered Office: MTR Tower, Telford Plaza, Kowloon Bay, Hong Kong.

Notes:

1. A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or two proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.
2. To be valid, a form of proxy must be delivered to the Company's registrar, Computershare Hong Kong Investor Services Limited, 46th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours before the meeting or adjourned meeting (or 24 hours before a poll is taken, if the poll is not taken on the same day as the meeting or adjourned meeting). If a proxy form is signed under a power of attorney, the power of attorney or other authority relied on to sign it (or a copy which has been certified by a notary or an office copy) must be delivered to the Company's registrar with the proxy form, except that a power of attorney which has already been registered with the Company need not be so delivered. Proxy forms sent electronically or by any other data transmission process will not be accepted. **Completion and return of a form of proxy will not preclude a member from attending in person and voting at the meeting or any adjournment thereof should he so wish.**
3. The register of members of the Company was closed from Monday, 3rd April, 2006 to Tuesday, 11th April, 2006 (both days inclusive), during which period no transfer of shares in the Company was effected. In order to qualify for the proposed final dividend, all transfers, accompanied by the relevant share certificates, had to be lodged with the Company's registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:00 p.m. on Friday, 31st March, 2006.
4. The Board of Directors has recommended a final dividend for the year ended 31st December, 2005 (the "**Final Dividend**") of HK\$0.28 per share and, if such dividend is declared by the shareholders by passing Resolution 2, it is expected to be paid on or about 27th June, 2006, to those shareholders whose names appeared on the Company's register of members on 11th April, 2006. In addition, a circular is being sent on or about 18th April, 2006 to shareholders whose names appeared on the register of members on 11th April, 2006 setting out the terms of the scrip dividend scheme in respect of the Final Dividend pursuant to which the Board of Directors proposes to offer shareholders whose names appeared on the register of members on 11th April, 2006 (except shareholders with registered addresses in the United States of America or any of its territories or possessions), subject to the Final Dividend being declared by the shareholders by passing Resolution 2, the right to choose to receive new shares in the Company instead of cash in respect of some or all of their Final Dividend.
5. In relation to Resolution 3, three Directors will retire from office at the meeting and will offer themselves for re-election. Dr. Raymond Ch'ien Kuo-fung, T. Brian Stevenson and Frederick Ma Si-hang will retire from office by rotation at the meeting pursuant to Articles 87 and 88 of the Company's Articles of Association, and will offer themselves for re-election.
6. In relation to Resolution 6, an explanatory statement (as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the "**Listing Rules**") is set out in the Appendix to the document containing this notice.
7. By Resolutions 5 and 7, approval is being sought from shareholders, as a general mandate in compliance with section 57B of the Companies Ordinance (Cap. 32 of the Laws of Hong Kong) and the Listing Rules, so that in the event it becomes desirable for the Company to issue any new shares, the Board of Directors is given the flexibility and discretion to allot and issue new shares up to ten per cent. of the issued share capital of the Company, together with such number of shares as may be repurchased by the Company pursuant to the general mandate under Resolution 6, as more particularly described in Resolutions 5, 6 and 7. The members of the Board of Directors wish to state, however, that they have no immediate plans to issue any new shares of the Company, other than pursuant to: (i) the scrip dividend alternative which is proposed to be offered; (ii) the Rules of the Company's New Joiners Share Option Scheme; or (iii) the Rules of the Company's Pre-Global Offering Share Option Scheme.
8. In relation to Resolution 8, the Board of Directors proposes to offer shareholders the right to choose to receive new shares in the Company instead of cash in respect of some or all of any dividend which may be declared or paid in the period up to and including the annual general meeting of the Company which is held in the fifth year after the date on which Resolution 8 is passed. The Directors' existing authority to exercise the power contained in Article 131 of the Articles of Association to offer shareholders a scrip dividend alternative in respect of some or all of the dividends declared or paid will lapse at the conclusion of the Annual General Meeting.
9. In relation to Resolution 9, approval is being sought from shareholders to amend the Articles of Association of the Company to (a) increase the cap on total fees paid to Directors for performing their services as Directors from HK\$3,000,000 to HK\$6,000,000 a year and (b) to permit the Company to disseminate its corporate communications to shareholders via electronic means where such shareholders have given an express, positive confirmation in writing that they wish to receive such communications in this manner. In this regard, the Company intends to write to shareholders later this year to ask whether they would like to receive all future corporate communications from the Company in electronic form. Notwithstanding the proposal outlined in (a) above, there is no current intention to increase the Directors' fees.
10. The Articles of Association adopted by the Company and delivered to (and registered by) the Registrar of Companies are in the English language. Accordingly, the special resolution set out in the above notice (Resolution 9) will, if passed, be passed in the English language. The translation into the Chinese language of the above notice (including the special resolution) is included in this document for information only.