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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, ADOPTION OF 2007 SHARE OPTION 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 Universal Plaza (6/F), Hongkong International Trade & Exhibition Centre, 1 Trademart Drive, Kowloon Bay, Hong Kong on Thursday, 7th June, 2007 at 11:30 a.m. is set out in this document. **Please note that tea and coffee 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, Rooms 1806-1807, 18th 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*

26th April, 2007

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, ADOPTION OF 2007 SHARE OPTION SCHEME, RE-ELECTION OF DIRECTORS AND NOTICE OF ANNUAL GENERAL MEETING

The seventh annual general meeting of the Company (the "**Annual General Meeting**") will be held on Thursday, 7th June, 2007. Notice of the Annual General 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, 2006, 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 8th June, 2006, the then shareholders of the Company passed resolutions granting general mandates to the Board of Directors of the Company (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. 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 in this document. In addition, and as required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), an explanatory statement providing the requisite information regarding the Repurchase Mandate is set out in the Appendix to this document.

ADOPTION OF THE 2007 SHARE OPTION SCHEME

The Directors and the members of the Executive Directorate (the "**Executive Directorate**") believe that the Company's ability to attract high calibre and talented employees is fundamental to its success. On 16th May, 2002, the Company adopted the New Joiners Share Option Scheme (the "**2002 Scheme**"). As at 16th April, 2007 (the "**Latest Practicable Date**"), being the latest practicable date before the printing of this document, the Company has granted options to subscribe for a total of 5,350,700 ordinary shares in the share capital of the Company ("**Shares**") under the 2002 Scheme, of which options to subscribe for 281,000 Shares have been exercised, options to subscribe for 3,815,700 Shares remain outstanding and options to subscribe for 1,254,000 Shares have lapsed. However, under the terms of the 2002 Scheme, no options may be granted under the 2002 Scheme on or after 16th May, 2007.

In view of this, the Directors and the Executive Directorate are pleased to propose the adoption of the 2007 Share Option Scheme (the "**2007 Scheme**"), which is intended to provide employees of the Company and of its subsidiaries the opportunity to participate in the growth and success of the Company. As is the case for options granted under the 2002 Scheme, the right to exercise options granted under the 2007 Scheme will be subject to the satisfaction by the Company of certain performance targets set out in the Operating Agreement, as defined in the Mass Transit Railway Ordinance (Cap.556 of the Laws of Hong Kong) (the "**Operating Agreement**") and, in any event, options granted under the 2007 Scheme will vest in respect of their underlying shares not less than 1 year from the date on which the relevant option is granted. Furthermore, the exercise price of the options to be granted under the 2007 Scheme is to be set at a level which reflects generally the share price of the Company at the time of grant of the options. For these reasons, the Directors and the Executive Directorate believe that the 2007 Scheme will provide appropriate incentives to key employees of the Company and of its subsidiaries to advance their performance and the performance of the Company and its subsidiaries.

The 2007 Scheme is conditional upon:

1. approval by the shareholders of the Company at the Annual General Meeting; and
2. the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, the Shares to be issued upon the exercise of options granted under the 2007 Scheme.

A summary of the principal terms of the 2007 Scheme is set out in Appendix II to this document. Copies of the Rules of the 2007 Scheme and the Operating Agreement will be available for inspection at the Company's registered office at MTR Tower, Telford Plaza, Kowloon Bay, Hong Kong during normal business hours from and including the date of this document up to and including the date of the Annual General Meeting. An announcement as to whether the 2007 Scheme has been approved by the shareholders of the Company at the Annual General Meeting will be made on the business day following the Annual General Meeting.

The Directors and the Executive Directorate consider that it is not appropriate to state the value of all of the options that can be granted under the 2007 Scheme as if they had been granted on the Latest Practicable Date, given that the variables which are crucial for the calculation of the value of such options cannot be determined. The variables which are critical for the determination of the value of such options include the subscription price for the Shares upon the exercise of the options, the timing of the grant of such options and whether or not such options if granted will be exercised by the grantees. Thus, the Directors and the Executive Directorate are of the view that the value of the options that can be granted pursuant to the 2007 Scheme depends on a number of variables which are either difficult to ascertain or can only be ascertained subject to a number of theoretical bases and speculative assumptions. Accordingly, the Directors and the Executive Directorate believe that any calculation of the value of the options will not be meaningful and may be misleading to shareholders of the Company in the circumstances.

Application will be made to the Listing Committee of the Stock Exchange for the granting of approval of the listing of, and permission to deal in, Shares to be issued on the exercise of the options that may be granted under the 2007 Scheme.

The 2007 Scheme complies with Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

RE-ELECTION OF DIRECTORS

Three Directors will retire from office at the Annual General Meeting and will offer themselves for re-election. Chow Chung-kong, David Gordon Eldon and Christine Fang Meng-sang will retire from office by rotation at the Annual General Meeting pursuant to Articles 87 and 88 of the articles of association of the Company (the "**Articles of Association**"), and will offer themselves for re-election. The details of those three Directors are as follows:

LETTER FROM THE CHAIRMAN

Chow Chung-kong, aged 56, was appointed as the Chief Executive Officer of the Company with effect from 1st December, 2003 for a term of three years. He was also appointed as a Member of the Board on the same date. His contract as the Chief Executive Officer of the Company was renewed for a further term of three years with effect from 1st December, 2006. Mr. Chow 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.

Mr. Chow was formerly chief executive officer of Brambles Industries Ltd, a global support services company. From 1997 to 2001, Mr. Chow was chief executive of GKN PLC, a leading engineering company based in the United Kingdom and before that, he spent 20 years with the BOC Group PLC and was appointed a director of its board and chief executive of its Gases Division in 1993.

Mr. Chow is a chartered engineer. He holds Bachelor of Science and Master of Science degrees in Chemical Engineering from The University of Wisconsin and The University of California respectively. He also holds a Master of Business Administration degree from The Chinese University of Hong Kong and was a graduate of the Advanced Management Program of Harvard Business School. He was awarded an Honorary Doctor of Engineering degree by The University of Bath. Mr. Chow was knighted in the United Kingdom in 2000 for his contribution to industry. He is currently a member of the Council of the Hong Kong Institute of Certified Public Accountants, the Hong Kong Tourism Board and the Council of The Chinese University of Hong Kong. He is also a member of the general committee of the Hong Kong General Chamber of Commerce, and a member of the Standing Committee of the Shenzhen Municipal Committee of the Chinese People's Political Consultative Conference. Mr. Chow is a non-executive director of Standard Chartered PLC and the non-executive chairman of Standard Chartered Bank (Hong Kong) Limited.

As at the Latest Practicable Date, Mr. Chow had a derivative interest in respect of 418,017 Shares within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"). That derivative interest represents Mr. Chow's entitlement to receive an equivalent value in cash of 418,017 Shares on completion of his three-year contract (on 30th November, 2009). Save as disclosed above, as at the Latest Practicable Date, Mr. Chow 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 for Securities Transactions by Directors of Listed Issuers (the "Model Code").

Mr. Chow is not related to any Director, senior management or substantial or controlling shareholder of the Company. Mr. Chow's emoluments are set out in his service contract. The basis and amount of his emoluments are set out in the Remuneration Report (pages 68 to 69) and the Notes to Accounts (pages 105 to 106) of the Company's Annual Report 2006 respectively.

David Gordon Eldon, aged 61, has been a Director since 1999. As an independent non-executive Director, Mr. Eldon 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.

Mr. Eldon retired from the HSBC Group in May 2005 after 37 years of service. He was Chairman of The Hongkong and Shanghai Banking Corporation Limited from January 1999 to May 2005, non-executive Chairman of Hang Seng Bank Limited from June 1996 to April 2005, and a board member of Swire Pacific Limited until May 2005. Mr. Eldon was the Executive Committee Chairman of The Community Chest of Hong Kong until June 2005 and is currently its Vice Patron. He is senior adviser to PricewaterhouseCoopers (based in Hong Kong) and Chairman of the Hong Kong General Chamber of Commerce, the Dubai International Financial Centre Authority, the Noble Group Limited, and Diocesan Girls' School Education Foundation Limited. He is Deputy Chairman of the Hong Kong Jockey Club, a Council member of the Hong Kong Trade Development Council, a member of the Advisory Board of Unisys and an independent non-executive director of Eagle Asset Management (CP) Limited. Mr. Eldon was appointed a member of the Capital Adequacy Review Tribunal and holds a number of other community service appointments. Mr. Eldon is a fellow of the Chartered Institute of Bankers and a fellow of the Hong Kong Institute of Bankers. He is a Justice of the Peace.

As at the Latest Practicable Date, Mr. Eldon 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. Eldon is not related to any Director, senior management or substantial or controlling shareholder of the Company.

As an independent non-executive Director, Mr. Eldon has not entered into any service contract with the Company. The amount of Mr. Eldon's emoluments is specified in the Notes to Accounts (page 105) of the Company's Annual Report 2006, and is determined by the Board of Directors of the Company. 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. Eldon 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. Eldon 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. Eldon concerning his independence in accordance with the Listing Rules, and believes that Mr. Eldon continues to be independent.

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Christine Fang Meng-sang, aged 48, has been a Director since 2004. As an independent non-executive Director, Ms. Fang 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.

Ms. Fang has been the chief executive of the Hong Kong Council of Social Service since 2001. Prior to joining the Hong Kong Council of Social Service, she worked for the Hong Kong Red Cross from 1989 to 2001 and held the position of Secretary General from 1993 to 2001. By training, Ms. Fang is a social worker and has a strong background in community service. She sits on various government advisory committees, including the Social Welfare Advisory Committee, the Manpower Development Committee, the Sustainable Development Council and the Digital 21 Strategy Advisory Committee. She is also a member of the Commission on Poverty and Commission on Strategic Development (Executive Committee).

As at the Latest Practicable Date, Ms. Fang owned 1,712 Shares. Save as disclosed above, as at the Latest Practicable Date, Ms. Fang 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.

Except sitting on various government advisory committees as disclosed above, Ms. Fang is not related to any Director, senior management or substantial or controlling shareholder of the Company.

As an independent non-executive Director, Ms. Fang has not entered into any service contract with the Company. The amount of Ms. Fang's emoluments is specified in the Notes to Accounts (page 105) of the Company's Annual Report 2006, and is determined by the Board of Directors of the Company. 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 strong background in community service, Ms. Fang brings her valuable experience to the Board for promoting the best interests of the Company and its shareholders. Alongside the other independent non-executive Directors, Ms. Fang 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 Ms. Fang concerning her independence in accordance with the Listing Rules, and believes that Ms. Fang continues to be independent.

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.

The Company would like to inform shareholders of the Company of the Chairman's intention to exercise his right as Chairman of the Annual General Meeting under Article 67 of the Articles of Association to demand a poll on all the resolutions to be proposed at the Annual General Meeting.

RECOMMENDATION

The Directors consider that the proposed resolutions set out in the Notice, including the proposed resolutions granting the Issue Mandate and the Repurchase Mandate and adopting the 2007 Share Option Scheme, are in the best interests of the Company and its shareholders as a whole. Accordingly, the Directors recommend shareholders of the Company to vote in favour of the proposed resolutions. The Financial Secretary Incorporated 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 I — 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 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 7th June, 2007. 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 16th April, 2007 (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 5,549,054,951 representing a paid-up share capital of HK\$5,549,054,951. On the basis of the 5,549,054,951 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 554,905,495 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, 2006) 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 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 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 I — 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 <i>(HK\$)</i>	Lowest <i>(HK\$)</i>
2006		
April	21.50	17.45
May	21.00	18.45
June	19.45	17.80
July	20.00	18.35
August	20.50	19.22
September	20.00	19.26
October	19.58	18.60
November	19.82	18.68
December	19.60	18.96
2007		
January	22.45	19.56
February	22.15	20.00
March	20.65	18.72
April*	20.10	19.44

* 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 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.

APPENDIX II — 2007 SHARE OPTION SCHEME

This Appendix II and the section of the Letter from the Chairman headed "Adoption of the 2007 Share Option Scheme" (the "**Relevant Sections**") include 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 MTR Corporation Limited (地鐵有限公司) (the "**Company**"). The directors and the members of the Executive Directorate of the Company collectively and individually accept full responsibility for the accuracy of the information contained in the Relevant Sections and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein or therein misleading.

SUMMARY OF THE 2007 SHARE OPTION SCHEME

The following is a summary of the 2007 Share Option Scheme (the "**2007 Scheme**"). It does not form part of the 2007 Scheme and does not affect the interpretation of it. In the event of any inconsistency between this summary and the 2007 Scheme Rules, the 2007 Scheme Rules shall prevail. Unless otherwise defined in this Circular, terms defined in the 2007 Scheme Rules have the same meanings when used in this Circular.

1. Purpose

The purpose of the 2007 Scheme is to enhance the Company's ability to attract the best available personnel, to retain and motivate critical and key employees who are eligible to participate in the 2007 Scheme ("**Eligible Employees**"), to align their interest to the long-term success of the Company and to provide them fair and market competitive remuneration.

2. Eligibility

Any employee and any director of the Company or any of its subsidiaries (as defined under section 2 of the Companies Ordinance (Cap.32 of the Laws of Hong Kong)) (excluding non-executive members of the Board but including members of the Executive Directorate) are Eligible Employees.

3. Grant of Options

The Company may, at its absolute discretion, offer to grant to any Eligible Employee, an option (an "**Option**") to subscribe for such number of HK\$1.00 ordinary shares in the Company ("**Shares**") and subject to such conditions as it may specify in the option certificate to be issued to the Eligible Employee upon the grant of any Option to him (the "**Option Certificate**").

4. Option Price

The price per Share payable upon the exercise of any Option (the "**Option Price**") will be determined by the Company upon the offer of grant of such Option. It will not be less than the greatest of (a) the average closing price of a Share as stated in the daily quotations sheets issued by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") for the five business days (being any day upon which the Stock Exchange is open for the business of dealing securities) (a "**Business Day**") immediately preceding the day of offer of such Option (the "**Date of Offer**"); (b) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the Date of Offer of such Option, which must be a Business Day; and (c) the nominal value of a Share.

5. Acceptance of offers of Options

Acceptance of an offer to grant an Option must be made in writing and shall only be effective upon actual receipt by the Company of a letter comprising the acceptance of the offer of the grant of the Option duly signed by the Eligible Employee (containing an undertaking by such Eligible Employee to pay, on demand, an amount equal to HK\$1.00 to the Company by way of consideration for the grant thereof) within the period of 30 days (inclusive) from the date on which such offer is made.

6. Exercise of Options

(A) Time of Exercise

No Option may be exercised later than seven years after its Date of Offer (the "**Option Period**") and no Option may be offered to be granted more than seven years after the date on which the 2007 Scheme is adopted by a resolution of the shareholders of the Company in general meeting (the "**Date of Adoption**").

Subject to the provisions for early exercise described in sub-paragraphs (I), (J) and (K) below and the restrictions on the right to exercise described in sub-paragraph (B) below and any other terms and conditions specified in the Option Certificate, an Option granted under the 2007 Scheme shall not vest until the first anniversary of the Date of Offer or such later date or dates as the Company may specify in the Option Certificate.

If, however, a grantee ceases to be an Eligible Employee in respect of any Option granted to him:

- (i) for the reasons set out in sub-paragraph (D) below, then his Option shall vest in respect of all the underlying Shares on the date on which he so ceases;
- (ii) for the reasons set out in sub-paragraph (E) below, then his Option shall continue to vest in accordance with the vesting schedule (if any) set out in the Option Certificate; or

(iii) for the reasons set out in sub-paragraph (F) below, then his Option shall vest in respect of any underlying Shares (which have not yet vested on the date the grantee ceases to be an Eligible Employee, but which are due to vest on the next vesting date to occur after he so ceases) on the date on which he so ceases.

(B) Restrictions on the right to exercise applicable to all grantees

Except in the circumstances described in sub-paragraphs (I), (J) and (K) below, if, in accordance with the 2007 Scheme, the Company issues a notice to grantees which confirms that the Company has failed to satisfy its obligations in respect of any of the performance requirements in relation to train service delivery, passenger journeys on time and train punctuality (each as defined in the operating agreement as defined in the Mass Transit Railway Ordinance (Cap.556 of the Laws of Hong Kong) (as amended from time to time) (the “**Operating Agreement**”)) (the “**Key Performance Requirements**”) for the most recently concluded operating period (as defined in the Operating Agreement), no Option will be exercisable in respect of any underlying Shares (including, for the avoidance of doubt, those that have already vested) unless and until the Company issues a subsequent notice to grantees confirming that the Company has satisfied its obligations in respect of all of the Key Performance Requirements for the relevant succeeding operating period.

(C) Rights of exercise on voluntary resignation or on dismissal

If the grantee ceases to be an Eligible Employee (i) by termination of his employment on the grounds of misconduct or conviction of any criminal offence involving his integrity or honesty or on the grounds that he has committed any act of bankruptcy or has become insolvent or has made any arrangements or composition with his creditors generally or (ii) by reason of voluntary resignation, then in each case the Option will thereupon lapse and determine.

(D) Rights of exercise on death or on disability

If the grantee ceases to be an Eligible Employee, by reason of death or ill health, injury or disability (physical or mental) (all evidenced to the satisfaction of the Company) rendering him unable to discharge the duties of his contract of employment or service, then he or his personal representatives (as the case may be) may exercise the Option within twelve months of the date on which he so ceases and, subject to sub-paragraph (H) below, the Option shall lapse and determine at the end of that twelve month period.

(E) Rights of exercise on retirement

If the grantee ceases to be an Eligible Employee by reason of retirement in accordance with his contract of employment or service, then he or his personal representatives (as the case may be) may exercise the Option within twelve months of the date on which the Option has vested and, subject to sub-paragraph (H) below, the Option shall lapse and determine at the end of that twelve month period.

(F) Rights of exercise in any other circumstances

If the grantee ceases to be an Eligible Employee for any reason other than as described in sub-paragraphs (C) to (E) above then any Option exercisable at the date he so ceases may be exercised to the extent then exercisable within three months of the date he so ceases, and otherwise shall lapse and determine.

(G) Lapse of Options

The Company in its absolute discretion may decide that an Option shall not lapse and determine for the reasons set out in sub-paragraphs (C) to (F) above, subject to such conditions or limitations as it may decide.

(H) Circumstances where the period during which a grantee (who ceases to be an Eligible Employee under paragraph (D) or (E)) may exercise his Option can be extended

If at any time during the twelve month period stipulated in sub-paragraph (D) or (E), an Option is not, or ceases to be, exercisable pursuant to sub-paragraph (B) above, such period shall be extended such that the grantee (or, as the case may be, his personal representatives) may exercise his Option (in respect of any underlying Shares which have vested pursuant to sub-paragraph (A) above on the date he so ceases), at any time during a further period of twelve months from the date on which the Option first subsequently becomes exercisable under sub-paragraph (B) above, and the Option shall lapse and determine at the end of such twelve month period.

(I) Rights on a general offer

If a general offer (whether by way of takeover offer, share repurchase offer or scheme of arrangement or otherwise in a like manner) is made to all shareholders of the Company (other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror), the Company shall use its reasonable efforts to procure that such offer is extended to all grantees (on the same terms, mutatis mutandis, and assuming that such grantees will become, by the exercise of the Options granted to them (to the extent not already exercised), shareholders of the Company). If such offer, having been approved in accordance with applicable laws and regulatory requirements becomes or is declared unconditional, the grantee shall be entitled to exercise the Option in respect of all of the underlying Shares (to the extent not already exercised) at any time within 14 days after the date on which the general offer becomes or is declared unconditional and any Option not so exercised shall lapse and determine.

(J) Rights on a voluntary winding up

If notice of a general meeting of the Company is duly given to consider a proposed resolution to wind-up the Company voluntarily, every Option shall be exercisable in respect of all of the underlying Shares in whole or in part (to the extent not already exercised) at any time thereafter until the resolution is duly passed or defeated or the general meeting concluded or adjourned indefinitely, whichever the earliest. The exercise of an Option in these circumstances shall only be valid if the Option shall not have lapsed and determined in accordance with the provisions of the 2007 Scheme at the time the resolution to voluntarily wind-up the Company is passed. If such resolution is duly passed, all Options shall, to the extent that they have not been exercised, thereupon lapse and determine.

(K) Rights on a compromise or arrangement

If, under Section 166 of the Companies Ordinance, a compromise or arrangement between the Company and its members or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice thereof to all grantees on the same date as it dispatches the notice which is sent to each member or creditor of the Company summoning the meeting to consider such a compromise or arrangement.

Each grantee may immediately on that day and until two months thereafter, or until the date on which such compromise or arrangement is sanctioned by the Court (if earlier), be entitled to exercise his Option in respect of all of the underlying Shares, but such exercise shall be conditional upon such compromise or arrangement being sanctioned by the Court and becoming effective.

Upon such compromise or arrangement becoming effective, all unexercised Options shall lapse and determine. The Company may thereafter require each grantee to transfer or otherwise deal with the Shares issued as a result of the exercise of Options in these circumstances so as to place the grantee in the same position as nearly as may be as would have been the case had such Shares been subject to such compromise or arrangement.

(L) Withholding

Shares will only be issued pursuant to the exercise of an Option provided that the Company considers that it would be lawful in the relevant jurisdiction and expedient on account of either the restrictions under the laws of the relevant jurisdiction or the requirements of the relevant regulatory body or stock exchange. In any jurisdiction where a company would be obliged (or would suffer a disadvantage if it were not to) to account for any tax and/or social security contributions recoverable from a grantee (a "**Tax Liability**") for which that grantee is liable by virtue of the issue of Shares, that company must have received on or prior to the issue of Shares payment from the grantee of an amount not less than the Tax Liability or that grantee must have entered into arrangements acceptable to that company to ensure that such payment is made.

7. Rights attaching to Shares

A Share allotted upon the exercise of an Option shall not carry voting rights until completion of the registration of the Option Holder as the holder thereof. If under the terms of a resolution passed or an announcement made by the Company, a dividend is to be or is proposed to be paid to holders of Shares on the register on a date prior to the date of allotment for any Shares issued upon the exercise of an Option, the Shares to be issued upon such exercise will not rank for such dividend. Subject as aforesaid, Shares allotted upon the exercise of an Option shall rank *pari passu* in all respects with the Shares in issue on the date of such allotment and will be subject to all the provisions of the Articles of Association of the Company for the time being in force.

8. Limits of the 2007 Scheme

- (A) No offer to grant an Option shall be made under the 2007 Scheme which would result in the total number of Shares which have been or may be issued upon exercise of all Options granted under the 2007 Scheme after the Date of Adoption together with the total number of Shares which have been or may be issued upon the exercise of all options granted after the Date of Adoption under any other share option schemes of the Company exceeding 5% of the Shares in issue as at the Date of Adoption. As at 16th April, 2007, being the latest practicable date before the printing of this document, 5% of the Shares in issue equated to 277,452,747 Shares.

The Company may seek shareholder approval in general meeting for renewing the 5% limit under the 2007 Scheme. However, the total number of Shares which may be issued upon the exercise of all Options granted under all of the share option schemes of the Company under the limit as renewed must not exceed 5% of the Shares in issue as at the date of approval of the renewed limit. Options granted under all share option schemes (including those outstanding, cancelled, lapsed in accordance with the 2007 Scheme or exercised options) prior to the date of approval of the renewed limit will not be counted for the purposes of calculating the limit as renewed.

The Company may also seek separate shareholder approval in general meeting for granting Options beyond the limit set out above provided the Options in excess of the limit are granted only to participants specifically identified by the Company before such approval is sought in accordance with the requirements of the Listing Rules.

- (B) Furthermore, no offer of a grant of an Option shall be made under the 2007 Scheme which would result in the aggregate number of Shares issuable upon the exercise of all Options for the time then being outstanding, together with the aggregate number of Shares issuable upon the exercise of all options for the time then being outstanding which have been granted under any other share option scheme of the Company, exceeding the nominal value of 30 per cent. of the share capital of the Company (including Shares issued pursuant to the 2007 Scheme and any other share option scheme of the Company) in issue on the Date of Offer in respect of such Option.
- (C) Unless approved by shareholders in the manner required by the Listing Rules, the total number of Shares issued and issuable upon exercise of the Options granted to any Eligible Employee under the 2007 Scheme together with the total number of Shares issued and issuable upon the exercise of any option granted to such Eligible Employee under any other share option scheme of the Company (including, in each case, both exercised and outstanding options) in any 12-month period must not exceed 0.2% of the Shares of the Company in issue on the Date of Offer in respect of such Option.

9. Cancellation

Options granted but not exercised may not be cancelled unless an offer to cancel Options has been made pursuant to Rule 13 of The Hong Kong Code on Takeovers and Mergers and the Securities and Futures Commission has consented to such cancellation.

10. Transferability of Options

An Option shall be personal to the Option Holder and shall not be transferable or assignable. No Option Holder shall in any way sell, transfer, charge, mortgage, encumber or otherwise create any interest in favour of any third party over or in relation to any Options. If the Option Holder attempts to do any of the foregoing, the Option shall lapse and determine on such sale, or transfer, or upon the creation of such charge, mortgage, encumbrance or interest.

11. Variation of capital

In the event of any change or adjustment to the issued share capital of the Company during the Scheme Period as a result of a reduction, consolidation or subdivision of the share capital of the Company or an issue of Shares in or other securities of the Company by way of rights issue or by way of capitalisation of profits or reserves, the 2007 Scheme authorises the Directors (having received a statement in writing from the Company's auditors that, in their opinion, the adjustments proposed are fair and reasonable and, where required, that any such adjustment satisfies the requirements of the Listing Rules), to effect appropriate adjustments to, among other things, the number or nominal amount of Shares comprised in each Option and/or the Option Price and/or the maximum number of Shares in respect of which Options may be granted under the 2007 Scheme and/or the minimum number of Shares for which an Option shall be exercised.

12. Alteration of the 2007 Scheme

The Company may at any time amend the 2007 Scheme and in its absolute discretion waive or amend any additional requirements and/or terms and conditions imposed by the Company from time to time, provided that the prior approval of the Company in general meeting is obtained in the case of, among other things:

- (i) any alteration relating to provisions concerning the persons eligible to participate in the 2007 Scheme;
- (ii) any alteration to the advantage of grantees of any of the provisions of the 2007 Scheme regarding:
 - (a) the purpose of the 2007 Scheme as described in sub-paragraph 1 above;
 - (b) the amount payable upon the acceptance of an Option as described in sub-paragraph 5 above;
 - (c) the transferability of Options as described in sub-paragraph 10 above;
 - (d) the limitation on the grant of Options as described in sub-paragraph 8 above;
 - (e) the requirement for payment of an amount equal to the Option Price multiplied by the relevant number of Shares in respect of which an Option is being exercised upon exercise of the Option;
 - (f) the circumstances under which an Option will automatically lapse as described in sub-paragraphs 6 and 10 above;
 - (g) the restrictions on the exercise of Options;
 - (h) the rights to be attached upon their issue to Shares upon the exercise of Options as described in sub-paragraph 7 above;
 - (i) the rights of grantees on the winding-up of the Company as described in sub-paragraph 6(J) above;
 - (j) the basis for determining the Option Price;
 - (k) the provisions for adjustment of those matters as described in sub-paragraph 11 above in the event of an alteration in the capital structure of the Company;
 - (l) the alteration of the Scheme as described in this sub-paragraph 12;

APPENDIX II — 2007 SHARE OPTION SCHEME

- (m) the termination of the Scheme and the treatment of Options granted but not yet exercised at the time of termination as described in sub-paragraph 13;
- (n) the restrictions on the cancellation of Options as described in sub-paragraph 10 above; and
- (o) the duration of the 2007 Scheme and the Option Period.

Any alterations to the terms and conditions of the 2007 Scheme which are of a material nature, are conditional on the prior approval of Shareholders, save where the amendment takes effect automatically under the provisions of the 2007 Scheme. In any event, the amended terms of the 2007 Scheme must comply with the Listing Rules for the time then being in force.

13. Termination of the 2007 Scheme

The Company may terminate the 2007 Scheme at any time, but Options granted prior to such termination shall continue to be valid and exercisable in accordance with the rules of the 2007 Scheme.



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 Universal Plaza (6/F), Hongkong International Trade & Exhibition Centre, 1 Trademart Drive, Kowloon Bay, Hong Kong on Thursday, 7th June, 2007 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, 2006.
- (2) To declare a final dividend for the year ended 31st December, 2006.
- (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;

NOTICE OF ANNUAL GENERAL MEETING

- (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 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,** conditional on the Listing Committee of The Stock Exchange of Hong Kong Limited granting approval of the listing of and of any permission to deal in any ordinary shares in the Company to be issued upon the exercise of options to be granted under the Rules of the 2007 Share Option Scheme (the "**2007 Share Option Scheme**"), the Rules of the 2007 Share Option Scheme are hereby APPROVED and ADOPTED and that the Company is hereby authorised to grant options thereunder to subscribe for ordinary shares in the share capital of the Company and to allot, issue, distribute and deal with ordinary shares in the share capital of the Company pursuant to the exercise of options granted under the Rules of the 2007 Share Option Scheme and to take all such steps as may be necessary or desirable to implement the 2007 Share Option Scheme."

By Order of the Board
Leonard Bryan Turk
Secretary

Hong Kong, 26th April, 2007

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.

NOTICE OF ANNUAL GENERAL MEETING

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, Rooms 1806-1807, 18th 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 Tuesday, 10th April, 2007 to Tuesday, 17th April, 2007 (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 4:30 p.m. on Wednesday, 4th April, 2007.
4. The Board of Directors has recommended a final dividend for the year ended 31st December, 2006 (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 26th June, 2007, to those shareholders whose names appeared on the Company's register of members on 17th April, 2007. In addition, a circular is being sent on or about 26th April, 2007 to shareholders whose names appeared on the register of members on 17th April, 2007 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 17th April, 2007 (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. Chow Chung-kong, David Gordon Eldon and Christine Fang Meng-sang will retire from office by rotation at the meeting pursuant to Articles 87 and 88 of the 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, a summary of the Rules of the 2007 Share Option Scheme (as required by the Listing Rules) is set out in Appendix II to the document containing this notice.