
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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PROPOSED GENERAL MANDATES

TO ISSUE AND REPURCHASE SHARES AND

NOTICE OF ANNUAL GENERAL MEETING

A notice convening the Annual General Meeting of the Company to be held at Hong Kong Convention and Exhibition Centre, 1 Harbour Road, Wanchai, Hong Kong on Thursday, 15th May, 2003 at 11:30 a.m. is set out in this document. **Please note that refreshments will not be served 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 1901-5, 19th 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.

8th April, 2003



地鐵公司
MTR Corporation

MTR Corporation Limited

(地鐵有限公司)

(Incorporated in Hong Kong with limited liability)

Board of Directors:

Jack So Chak Kwong (*Chairman and Chief Executive*)
Professor Cheung Yau Kai*
Dr. Raymond Ch'ien Kuo Fung*
David Gordon Eldon*
T Brian Stevenson*
Edward Ho Sing Tin*
Lo Chung Hing*
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, Robert Charles Law Footman**

* *independent non-executive directors*

** *non-executive directors*

Registered Office:

MTR Tower,
Telford Plaza,
Kowloon Bay,
Hong Kong

8th April, 2003

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

Dear Sir or Madam,

ANNUAL GENERAL MEETING AND GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

The third annual general meeting of the Company (the "**Annual General Meeting**") will be held on Thursday, 15th May, 2003. Notice of the meeting 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, 2002, 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 16th May, 2002, 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. 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 twenty 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
- 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.

LETTER FROM THE CHAIRMAN

The full text of these (and other) resolutions is set out in the notice of Annual General Meeting 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.

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 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,
Jack So Chak Kwong
Chairman and Chief Executive

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 15th May, 2003. This explanatory statement also constitutes the memorandum required under Section 49 BA(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 10 per cent. of the shares in the Company (the “Shares”) in issue as at the date of passing the Resolution. As at 24th March, 2003 (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 5,158,972,155, representing a paid-up share capital of HK\$5,158,972,155. On the basis of the 5,158,972,155 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 515,897,215 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, 2002) 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 of the Company or the gearing level which in the opinion of the Directors is 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\$) |
|-------------|----------------|---------------|
| 2002 | | |
| March | 11.80 | 10.60 |
| April | 11.95 | 10.70 |
| May | 12.10 | 11.50 |
| June | 11.80 | 9.85 |
| July | 10.60 | 9.55 |
| August | 10.35 | 9.60 |
| September | 10.00 | 8.90 |
| October | 9.40 | 8.55 |
| November | 9.30 | 8.75 |
| December | 9.00 | 8.15 |
| 2003 | | |
| January | 8.95 | 8.20 |
| February | 8.85 | 8.35 |
| March* | 9.20 | 8.25 |

* 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



地鐵公司
MTR Corporation

MTR Corporation Limited
(地鐵有限公司)

(Incorporated in Hong Kong with limited liability)

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 Hong Kong Convention and Exhibition Centre, 1 Harbour Road, Wanchai, Hong Kong on Thursday, 15th May, 2003 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, 2002.
- (2) To declare a final dividend for the year ended 31st December, 2002.
- (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) twenty 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

NOTICE OF ANNUAL GENERAL MEETING

- (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 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 (established under section 3 of the Securities and Futures Commission Ordinance, Cap. 24 of the Laws of Hong Kong) 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."

NOTICE OF ANNUAL GENERAL MEETING

- (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 sub-paragraph (b) of paragraph (B) of Resolution 5, be and is hereby APPROVED AND AUTHORISED."

By Order of the Board
Leonard Bryan Turk
Secretary

Hong Kong, 8th April, 2003

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, Rooms 1901-5, 19th 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 Wednesday, 26th March, 2003 to Wednesday, 2nd April, 2003 (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 Tuesday, 25th March, 2003.
4. The Board of Directors has recommended a final dividend for the year ended 31st December, 2002 (the "Final Dividend") of HK\$0.28 per share and, if such dividend is declared by the members passing Resolution 2, it is expected to be paid on or about 12th June, 2003 to those shareholders whose names appeared on the Company's register of members on 2nd April, 2003. In addition, a circular is being sent on or about 8th April, 2003 to shareholders whose names appeared on the register of members on 2nd April, 2003 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 members with Hong Kong addresses, subject to the Final Dividend being declared by the members 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, four Directors will retire from office at the meeting and will offer themselves for re-election. T Brian Stevenson and Frederick Ma Si Hang, who were appointed after the annual general meeting on 16th May, 2002, will retire from office at the meeting pursuant to Article 85 of the Company's Articles of Association, and will both offer themselves for re-election. Professor Cheung Yau Kai and Edward Ho Sing Tin will retire from office by rotation at the meeting, pursuant to Articles 87 and 88 of the Company's Articles of Association, and will both 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 of the document containing this notice.
7. By Resolutions 5 and 7, approval is being sought from members, 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 twenty 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.