
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular 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.

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No Shareholder receiving a copy of this circular and/or an Election Form in any territory outside Hong Kong may treat the same as an invitation to elect for Shares unless in the relevant territory such invitation could lawfully be made to him/her without the Company having to comply with any registration or other legal requirements, governmental or regulatory procedures or any other similar formalities. It is the responsibility of any Shareholder outside Hong Kong who wishes to receive New Shares under the Scheme to comply with the laws of the relevant jurisdictions including applicable procedures or any other similar formalities.



MTR CORPORATION LIMITED 香港鐵路有限公司

(Incorporated in Hong Kong with limited liability)
(Stock Code: 66)

Board of Directors:

Dr. Raymond Ch'ien Kuo-fung (*Chairman*)**
Jay Herbert Walder (*Chief Executive Officer*)
Pamela Chan Wong Shui*
Dr. Dorothy Chan Yuen Tak-fai*
Vincent Cheng Hoi-chuen*
Christine Fang Meng-sang*
Edward Ho Sing-tin*
Professor Frederick Ma Si-hang*
Alasdair George Morrison*
Ng Leung-sing*
Abraham Shek Lai-him*
T. Brian Stevenson*
Professor Chan Ka-keung, Ceajer (*Secretary for Financial Services and the Treasury*)**
Secretary for Transport and Housing (Professor Anthony Cheung Bing-leung)**
Commissioner for Transport (Ingrid Yeung Ho Poi-yan)**

Registered Office:

MTR Headquarters Building
Telford Plaza
Kowloon Bay
Kowloon
Hong Kong

* independent non-executive Director

** non-executive Director

27 May 2014

To: the shareholders (the 'Shareholders') of MTR Corporation Limited (the 'Company') and the option holders under the New Joiners Share Option Scheme and the 2007 Share Option Scheme of the Company (for information only)

Dear Sir or Madam,

SCRIP DIVIDEND SCHEME

1. INTRODUCTION

2013 Final Dividend

On 11 March 2014, the Board of Directors (the 'Board') announced the Company's audited annual results for the year ended 31 December 2013, and that the Board had recommended, subject to the approval of the Shareholders, a final dividend of HK\$0.67 per ordinary share in the Company (each, a 'Share') (the '2013 Final Dividend') to be payable on or about 4 July 2014 to Shareholders whose names appeared on the register of members of the Company as at the close of business on 19 May 2014 (the 'Record Date'), with an option to receive the 2013 Final Dividend wholly or partly in new and fully paid Shares in lieu of cash under a new scrip dividend scheme (the 'Scheme') as more particularly described below. The 2013 Final Dividend was approved by the Shareholders at the annual general meeting ('AGM') of the Company held on 8 May 2014.

The register of members was closed from 14 May 2014 to 19 May 2014 (both dates inclusive). To rank for the 2013 Final Dividend, all completed transfer forms, accompanied by the relevant share certificates, had to be lodged with the Company's Registrar for registration not later than 4:30 p.m. on 13 May 2014.

The Scheme

At the AGM of the Company held on 8 May 2014, the Shareholders passed a resolution authorising the Board to offer Shareholders the right to choose to receive extra shares of the Company (the 'New Shares') instead of the whole or part of their cash dividend in respect of some or all of (i) the 2013 Final Dividend; and (ii) the future dividends (including any final and/or interim dividends) which may be declared or paid in the period up to and including the AGM of the Company which is held in the fifth year after the passing of the relevant resolution (i.e. in 2019).

Shareholders whose names appeared on the register of members of the Company on the Record Date (except Shareholders with registered addresses in the United States of America or any of its territories or possessions (the 'US Shareholders')) (the 'Qualifying Shareholders') will have the right to choose to receive New Shares instead of the whole or part of their cash dividend for the year ended 31 December 2013. In addition, the Board is offering Qualifying Shareholders the right to choose to receive New Shares instead of cash for future dividends declared after the 2013 Final Dividend (including any final and/or interim dividends) if a share alternative is available, until such Qualifying Shareholders provide the Company's Registrar with notice in writing that they no longer wish to receive New Shares.

The purpose of this circular is to inform you about the procedures applicable to the Scheme and the action which should be taken by the Shareholders in relation thereto.

2. DETAILS OF THE CHOICES IN RESPECT OF THE 2013 FINAL DIVIDEND

Qualifying Shareholders have the following alternative choices in respect of the 2013 Final Dividend:

- (a) cash of HK\$0.67 per Share; or
- (b) an allotment of New Shares (the number of which is determined as explained below); or
- (c) partly cash and partly New Shares.

A Qualifying Shareholder who elects to receive New Shares instead of some or all of his/her cash dividend will be entitled to Shares whose total Relevant Value (see below) is as near as possible to the cash dividend he/she would have received in respect of the Shares for which he/she has opted to receive New Shares. The Relevant Value of a Share is HK\$28.90 which is the average value of the Company's Shares for the five dealing days starting from, and including, 12 May 2014 (being the day when the Shares were first quoted ex-dividend).

Accordingly the number of New Shares which a Qualifying Shareholder will receive, in respect of the existing Shares registered in his/her name on the Record Date and for which he/she has elected to receive New Shares, will be calculated as follows:

Formula:

$$\text{Number of New Shares to be received} = \frac{\text{Number of existing Shares held on the Record Date for which scrip election is made for the 2013 Final Dividend} \times \text{HK\$0.67}}{\text{HK\$28.90}}$$

The number of New Shares to be received by each Qualifying Shareholder pursuant to his/her election will be rounded down to the nearest whole number of the New Shares. Fractional entitlements to New Shares in respect of choices (b) and (c) above will be distributed in the form of cash dividend to the respective Qualifying Shareholders concerned. The New Shares issued in respect of the 2013 Final Dividend will, when they are issued, rank *pari passu* in all respects with the existing issued Shares of the Company except that such New Shares themselves will not rank for the 2013 Final Dividend.

3. ACTION TO BE TAKEN

(I) If you have already given standing instructions to receive only New Shares

No Election Form is being sent to Shareholders who have already given standing instructions to receive only New Shares under any previous scrip dividend scheme of the Company. If you have already given such standing instructions, you need to take no further action if you wish to receive only New Shares for the 2013 Final Dividend. If you have already given standing instructions to receive only New Shares under any previous scrip dividend scheme of the Company but you wish to receive only cash for the 2013 Final Dividend and all future dividends (including any final and/or interim dividends), a letter revoking your standing instructions must be received by the Company's Registrar by 4:30 p.m. on 12 June 2014. If you have already given standing instructions to receive only New Shares under any previous scrip dividend scheme of the Company but you wish to receive New Shares in respect of only part of the 2013 Final Dividend, a letter revoking your standing instructions together with a duly completed Election Form (completed in accordance with section (c) below) must be received by the Company's Registrar by 4:30 p.m. on 12 June 2014. In order to meet this deadline please make sure you ask the Company's Registrar for an Election Form in time to return it to them by 4:30 p.m. on 12 June 2014.

(II) If you have NOT previously given standing instructions to receive New Shares

If you have not previously given standing instructions to receive New Shares under any previous scrip dividend scheme of the Company, an Election Form is enclosed with this circular. Please read carefully the instructions below and the instructions printed on the Election Form.

(a) To receive only cash dividends

If you wish to receive only cash for the 2013 Final Dividend and for future final and interim dividends declared after the 2013 Final Dividend, you do not need to take any action. Therefore, please DO NOT return the Election Form.

(NOTE: If you wish to receive only cash for the 2013 Final Dividend and you wish to elect to receive only New Shares for future final and interim dividends declared after the 2013 Final Dividend for which a scrip alternative is available, you should enter a tick (✓) in Box D and in Box E of the Election Form and SIGN, DATE and RETURN the Election Form.)

(b) To receive only scrip dividends for the 2013 Final Dividend

If you wish to receive only New Shares for the 2013 Final Dividend, please just SIGN, DATE and RETURN the Election Form without ticking Box D or Box E of the Election Form.

(NOTE: If you wish to receive only New Shares for the 2013 Final Dividend and you wish to elect to receive only New Shares for future final and interim dividends declared after the 2013 Final Dividend for which a scrip alternative is available, you should also enter a tick (✓) in Box D of the Election Form.)

(c) To receive part cash dividends and part scrip dividends for the 2013 Final Dividend

If you wish to receive your entitlement to the 2013 Final Dividend partly in cash and partly in New Shares, please ENTER in Box C of the Election Form the number of Shares which you held on the Record Date for which you require the 2013 Final Dividend to be paid in New Shares. Then SIGN, DATE and RETURN the Election Form.

(NOTE: **You cannot complete Box C and enter a tick (✓) in Box E. If you do so, your tick (✓) in Box E will be deemed invalid.** If you sign the Election Form without completing Box C and you do not enter a tick (✓) in Box E of the Election Form, or if you elect to receive New Shares in respect of a greater number of Shares than your registered holding on the Record Date, you will be deemed to have elected to receive only New Shares in respect of ALL the Shares registered in your name on the Record Date. Therefore, you will receive only New Shares for the 2013 Final Dividend.)

(d) To receive only scrip dividends for future dividends declared after the 2013 Final Dividend for which a scrip alternative is available

If you wish to receive, in respect of ALL Shares registered in your name on the relevant record date(s), only New Shares instead of cash for future final and interim dividends declared after the 2013 Final Dividend for which a scrip alternative is available, please ENTER a tick (✓) in Box D of the Election Form. If you enter a tick (✓) in Box D of the Election Form and you wish to receive only cash for the 2013 Final Dividend, please also ENTER a tick (✓) in Box E of the Election Form. Then SIGN, DATE and RETURN the Election Form.

(NOTE: You cannot choose to receive your future dividend entitlements partly in cash and partly in New Shares. Therefore, if you enter a tick (✓) in Box D of the Election Form, unless and until you cancel such election by notice in writing to the Company's Registrar, you will receive only New Shares for future final and interim dividends declared after the 2013 Final Dividend for which a scrip alternative is available for all of the Shares registered in your name on the relevant record date(s), without having to complete any further Election Forms. **You cannot enter a tick (✓) in Box E and complete Box C of the Election Form. If you do so, your tick (✓) in Box E of the Election Form will be deemed invalid.**)

How and when to return your Election Form

If you need to return an Election Form, you should return it to the Company's Registrar, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong so that it is received by the Company's Registrar **not later than 4:30 p.m. on 12 June 2014** (the 'Closing Time'). If the Company's Registrar does not receive your completed and signed Election Form by the Closing Time, you will receive the whole of your 2013 Final Dividend in cash and any election which you may have made in such Election Form to receive New Shares for future dividends declared after the 2013 Final Dividend for which a scrip alternative is available will be of no effect. The Closing Time will be adjusted, as the case may be, in accordance with (a) or (b) below if there is a Typhoon Signal No. 8 or above, or a Black Rainstorm Warning:-

- (a) in force in Hong Kong at any local time before 12:00 noon on 12 June 2014. In such a case, the Closing Time will be extended to 5:00 p.m. on the same business day; or
- (b) in force in Hong Kong at any local time between 12:00 noon and 4:30 p.m. on 12 June 2014. In such a case, the Closing Time will be extended to 4:30 p.m. on the next business day which does not have either of the above warnings in force at any time between 9:00 a.m. and 4:30 p.m..

No acknowledgement of receipt of the Election Form will be issued.

No elections in respect of the 2013 Final Dividend may, after the relevant Election Forms are signed and returned to the Company's Registrar, be in any way withdrawn, revoked, superseded or altered.

4. CONDITION(S) OF THE SCHEME

The Scheme described in this circular is conditional upon the Listing Committee of the Hong Kong Stock Exchange granting listing of, and permission to deal in, the New Shares to be issued in respect of the 2013 Final Dividend.

If this condition is not satisfied, the Scheme described in this circular will not become effective and the Election Forms will be void and the 2013 Final Dividend will then be paid wholly in cash.

5. SHAREHOLDERS RESIDENT OUTSIDE HONG KONG

US Shareholders will not be permitted to participate in the Scheme and they will receive the 2013 Final Dividend wholly in cash. Having obtained and taken into consideration a legal opinion in respect of that jurisdiction, the Directors considered such exclusion to be necessary and expedient pursuant to Rule 13.36(2) of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange. US Shareholders are therefore not 'Qualifying Shareholders' for the purposes of the Scheme. No Election Form is being sent to such Shareholders.

Save for US Shareholders, all Shareholders resident outside Hong Kong should consult their professional advisers as to whether or not they are permitted to participate in the Scheme or whether any government or other consents are required or other formalities need to be observed. No Shareholder receiving a copy of this circular and/or an Election Form in any territory outside Hong Kong may treat the same as an invitation to elect for Shares unless in the relevant territory such invitation could lawfully be made to him/her without the Company having to comply with any registration or other legal requirements, governmental or regulatory procedures or any other similar formalities. It is the responsibility of any Shareholder outside Hong Kong who wishes to receive New Shares under the Scheme to comply with the laws of the relevant jurisdictions including procedures or any other similar formalities. Persons who receive New Shares in lieu of the cash dividend must also comply with any restrictions on the resale of the Shares which may apply outside Hong Kong. It is a term of this offer of New Shares under the Scheme that this offer is made in compliance with the laws of Hong Kong and all other relevant codes, rules and other requirements relating to the offer that apply in Hong Kong.

6. LISTING, CLEARING AND SETTLEMENT

Application has been made to the Listing Committee of the Hong Kong Stock Exchange for listing of, and permission to deal in, the New Shares.

Subject to the granting of listing of, and permission to deal in, New Shares issued pursuant to the Scheme on the Hong Kong Stock Exchange, such New Shares will be accepted as eligible securities by Hong Kong Securities Clearing Company Limited ('HKSCC') for deposit, clearance and settlement in the Central Clearing and Settlement System ('CCASS') with effect from the commencement date of dealings in the New Shares on the Hong Kong Stock Exchange or such other date as determined by HKSCC. Shareholders should seek the advice of their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

The Company's Shares are listed on the Hong Kong Stock Exchange and are traded on the Tradegate Exchange based in Berlin and in the Regulated Unofficial Market (Open Market) on the Frankfurt Stock Exchange and on Chi-East (a trading platform based in Singapore). The Company's debt issuance programme ('DIP') is listed on the Hong Kong Stock Exchange. US\$ fixed rate notes due 2017 and AU\$ fixed rate notes due 2029 issued by MTR Corporation (C.I.) Limited, a wholly-owned subsidiary of the Company, under the DIP and guaranteed by the Company are listed on the Hong Kong Stock Exchange. US\$ fixed rate notes due 2043 issued by the Company under the DIP are listed on the Hong Kong Stock Exchange. Save as disclosed above, there is no other stock exchange on which the Company's Shares or debt securities are listed or dealt in or on which listing or permission to deal is being or proposed to be sought at this time.

7. GENERAL

New Shares issued to a Qualifying Shareholder pursuant to an election to receive some or all of their 2013 Final Dividend in New Shares may be allocated in odd lots (of fewer than a board lot of 500 Shares). No special dealing arrangements will be put in place by the Company to facilitate the trading or disposal of New Shares issued in odd lots. Qualifying Shareholders should be aware that odd lots usually trade at a discount to the price of board lots.

Whether or not it is to your advantage to elect to receive New Shares instead of cash, in whole or in part, in respect of the 2013 Final Dividend and/or the future dividends declared after the 2013 Final Dividend (including final and/or interim dividends) will depend upon your own individual circumstances and the decision in this regard, and all effects resulting therefrom must be solely your responsibility. **If you are in any doubt as to what to do, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.** Shareholders who are trustees are recommended to take professional advice as to whether an election to receive New Shares is within their powers and as to the effect of such election having regard to the terms of the relevant trust instrument.

8. TIMETABLE

Set out below is a summary of the events in relation to the Scheme in the form of a timetable.

Event	Date/Time
Record Date	19 May 2014
Closing time for return of Election Form (and, if applicable, return of letter revoking any previous standing instructions to receive only New Shares for the 2013 Final Dividend and all future final and interim dividends) by Qualifying Shareholders	12 June 2014, 4:30 p.m.
Despatch of cheques for cash dividends and definitive certificates for New Shares at the risk of recipients	On or about 4 July 2014

Yours faithfully,
By Order of the Board
Gillian Elizabeth Meller
Company Secretary

IF YOU HAVE ANY QUERIES IN RELATION TO THE SCHEME PLEASE CALL THE FOLLOWING TELEPHONE HOT-LINE: 2862 8555.

Members of the Board: Dr. Raymond Ch'ien Kuo-fung (*Chairman*)**, Jay Herbert Walder (*Chief Executive Officer*), Pamela Chan Wong Shui*, Dr. Dorothy Chan Yuen Tak-fai*, Vincent Cheng Hoi-chuen*, Christine Fang Meng-sang*, Edward Ho Sing-tin*, Professor Frederick Ma Si-hang*, Alasdair George Morrison*, Ng Leung-sing*, Abraham Shek Lai-him*, T. Brian Stevenson*, Professor Chan Ka-keung, Ceajer (Secretary for Financial Services and the Treasury)**, Secretary for Transport and Housing (Professor Anthony Cheung Bing-leung)** and Commissioner for Transport (Ingrid Yeung Ho Poi-yan)**

Members of the Executive Directorate: Jay Herbert Walder, Lincoln Leong Kwok-kuen, Morris Cheung Siu-wa, Chew Tai Chong, Jacob Kam Chak-pui, Stephen Law Cheuk-kin, Gillian Elizabeth Meller, David Tang Chi-fai and Jeny Yeung Mei-chun

* independent non-executive Director

** non-executive Director

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