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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**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.

**If you have sold all** your shares in MTR Corporation Limited (the '**Company**'), you should at once hand this circular and the accompanying form of proxy, and the Annual Report and Accounts 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**  
**香港鐵路有限公司**

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

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

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A notice convening the Annual General Meeting of the Company to be held at Rotunda 3 (6/F), Kowloonbay International Trade & Exhibition Centre, 1 Trademart Drive, Kowloon Bay, Hong Kong on Thursday, 8 May 2014 at 11:30 a.m. is set out in this circular.

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, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, 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.

**Please note that tea and coffee will be served after the completion of the Annual General Meeting.**

You are reminded not to take items such as large bags, cameras, audio recording equipment or video recorders to the Annual General Meeting. In order to provide you with a comfortable and a safe environment, you may have your bags searched and will be requested to leave all such items at the entrance of the Annual General Meeting venue before entering.

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

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## LETTER FROM THE CHAIRMAN

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### 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 ('INED')*

\*\* *non-executive Director ('NED')*

3 April 2014

To: the shareholders of 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,

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

The annual general meeting of the Company will be held on Thursday, 8 May 2014 (the 'AGM'). Notice of the AGM (the 'Notice') is set out in this circular, and a proxy form and, the Annual Report and Accounts of the Company for the year ended 31 December 2013, accompany this circular. Details of the resolutions to be proposed at the AGM are set out in the Notice.

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## LETTER FROM THE CHAIRMAN

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### GENERAL MANDATES TO ISSUE AND PURCHASE SHARES

At the annual general meeting of the Company held on 9 May 2013, the then shareholders of the Company passed resolutions granting general mandates to the Board of Directors of the Company (the '**Directors**' or the '**Board**') to issue and purchase shares in the Company ('**Shares**'). These general mandates will lapse at the conclusion of the AGM. Resolutions will therefore be proposed at the AGM 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, not exceeding ten per cent. of the aggregate number of Shares in issue 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 not exceeding ten per cent. of the aggregate number of Shares in issue 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 '**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 such additional number of Shares under the Issue Mandate as is equal to the aggregate number of Shares purchased by the Company.

The full text of these resolutions is set out in the Notice in this circular. In addition, and as required under the new Companies Ordinance (Cap. 622 of the Laws of Hong Kong) (the '**New Companies Ordinance**') and 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 Appendix I to this circular.

### SCRIP DIVIDEND SCHEME

On 11 March 2014, the Directors announced the Company's audited annual results for the year ended 31 December 2013, and recommended a final dividend of HK\$0.67 per Share for the year ended 31 December 2013 (the '**2013 Final Dividend**') to be payable to shareholders of the Company (the '**Shareholders**') whose names appear on the register of members of the Company on the record date (i.e. 19 May 2014) 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 '**Scrip Dividend Scheme**'), subject to the approval of the 2013 Final Dividend and the Scrip Dividend Scheme by the Shareholders at the AGM and the grant by the Listing Committee of The Stock Exchange of Hong Kong Limited (the '**Stock Exchange**') of the listing of, and permission to deal in, the new Shares to be allotted and issued under the Scrip Dividend Scheme.

To implement the Scrip Dividend Scheme, a resolution will be proposed at the AGM to authorise the Directors to exercise the power contained in Article 131 of the articles of association of the Company (the '**Articles**') to offer a scrip dividend alternative in respect of some or all of the dividends declared or paid in the period up to and including the Company's annual general meeting which is held in the fifth year after the date on which the resolution is passed (i.e. in 2019). If this approval is passed, the first dividend for which the authority would apply is the 2013 Final Dividend. Details of the Scrip Dividend Scheme will be set out in a separate circular which is expected to be sent to Shareholders together with an Election Form on or about 27 May 2014.

### AMENDMENTS TO THE ARTICLES

The New Companies Ordinance came into effect on 3 March 2014. The Directors propose that certain amendments to the Articles be made in order to reflect or take advantage of the changes introduced by the New Companies Ordinance. In addition, the Directors propose to take the opportunity of updating certain other provisions of the Articles.

Article 96(a) provides that the total fees paid to Directors for performing their services as directors must not exceed (i) HK\$6,000,000 a year (the '**Cap**'), or (ii) any greater amount fixed by ordinary resolution passed at a general meeting.

The Remuneration Committee has delegated authority to make recommendations to the Board on the remuneration of the Company's non-executive Directors. In exercising this delegated authority, the Committee is required to take into account (inter alia) the fees paid by comparable companies, time commitment, responsibilities of the non-executive Directors and employment conditions elsewhere in the Company. Acting in accordance with these requirements, the Committee recently commissioned an external consultant to undertake a review of the level of remuneration payable to the Company's non-executive Directors ('**Review**'). Further to the Review, it is noted that Article 96 (a)(i) of the Company's Articles, which provides a cap (of HK\$6,000,000) on the total fees payable by the Company annually to the Directors for performing their services as members of the Board, has not been adjusted since 2006. Since then, (i) there have been significant changes to the corporate governance framework in Hong Kong (most notably the changes to the Corporate Governance Code as contained in Appendix 14 to the Listing Rules ('**CG Code**') in 2012) placing additional responsibilities on non-executive Directors and demands on their time; and raising the expectations of shareholders and other stakeholders as to the role that they play; (ii) the size of the Board has increased (from 11 in 2006 to 15 in 2014) due to the increasing complexity of the Company's business both in Hong Kong and overseas; and (iii) the level of fees paid by comparable companies to their directors is significantly higher. It is therefore proposed to increase the annual cap to HK\$10,000,000.

The Directors propose that the amendments to the Articles be adopted and consolidated through the adoption of new amended and restated articles of association (the '**New Articles**') which will replace the existing Articles. A special resolution (Resolution 9, the full text of which is set out in the Notice in this circular) will therefore be proposed at the AGM to adopt the New Articles.

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## LETTER FROM THE CHAIRMAN

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A summary of the proposed amendments to the existing Articles, to be implemented through the adoption of the New Articles, is set out in Appendix II to this circular and a copy of the New Articles will be available for inspection at the registered office of the Company (see section below headed "Documents available for inspection" for further details).

### RE-ELECTION/ELECTION OF DIRECTORS

Six Directors will retire from office at the AGM and all of them will offer themselves for re-election/election. Mr. Alasdair George Morrison, Mr. Ng Leung-sing and Mr. Abraham Shek Lai-him will retire from office by rotation at the AGM pursuant to Articles 87 and 88 of the Articles, and all of them will offer themselves for re-election. Mrs. Pamela Chan Wong Shui, Dr. Dorothy Chan Yuen Tak-fai and Professor Frederick Ma Si-hang, who were appointed after the annual general meeting on 9 May 2013, will retire from office at the AGM pursuant to Article 85 of the Articles, and will offer themselves for election.

The details of the above six Directors are as follows:

**Alasdair George Morrison**, aged 65, is an INED and has been a member of the Board since July 2010. He is also a member of the Audit Committee and the Remuneration Committee of the Company.

Mr. Morrison is a businessman with international exposure through his holding of a number of senior executive positions in leading multinational enterprises, particularly in Asia.

Mr. Morrison is currently Senior Advisor of Citigroup Asia Pacific. He is also an independent non-executive director of Pacific Basin Shipping Limited, and a member of the Financial Services Development Council of the HKSAR Government.

Within the last three years, Mr. Morrison was a member of the Board of Grosvenor Group Limited in the United Kingdom (until 29 September 2013), an independent non-executive director of the Hong Kong Mercantile Exchange Limited, and a member of the Operations Review Committee of the Independent Commission Against Corruption, and the Hong Kong/European Union Business Cooperation Committee.

From 1971 to 2000, Mr. Morrison worked for the Jardine Matheson Group, where he was Group Managing Director from 1994 to 2000. Subsequently, and until April 2007, Mr. Morrison was a Managing Director of Morgan Stanley Dean Witter Asia Limited and then also a member of Morgan Stanley's Management Committee. From 2000 to 2007, he was Chairman of Morgan Stanley Asia, based in Hong Kong. From 2002 to February 2006, Mr. Morrison was concurrently Chairman and Chief Executive Officer of Morgan Stanley Asia.

Mr. Morrison is a graduate of Eton College and obtained a Bachelor of Arts (subsequently Master of Arts) from Cambridge University in 1971. He also attended the Program for Management Development at Harvard Business School in 1983.

At the Company's 2011 annual general meeting, over 99.9% of the votes were in favour of Mr. Morrison's election as a member of the Board.

As an INED with a diverse business and professional background, Mr. Morrison brings his valuable experience to the Board for promoting the best interests of the Company and its Shareholders. Alongside the other INEDs, Mr. Morrison 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 continued to receive written confirmation from Mr. Morrison annually on his independence in accordance with the Listing Rules.

Accordingly, the Board has resolved that Mr. Morrison continues to be independent and should be re-elected as a Director at the AGM. The re-appointment of Mr. Morrison at the AGM will be in accordance with the relevant CG Code.

As at 25 March 2014 (the '**Latest Practicable Date**'), being the latest practicable date before the printing of this circular, Mr. Morrison was not interested in and did not hold any short positions in any Shares or underlying Shares in or any debentures of the Company or any of its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (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. Morrison entered into a service contract with the Company in 2011, under which the current term of his office as an INED will last up to 5 May 2014. The Company intends to enter into a new service contract with Mr. Morrison, under which the term of his office as an INED will commence from 6 May 2014 and last up to the earlier of (i) the date on which he will retire again by rotation under the Articles and (ii) 5 May 2017 subject to the Shareholders' approval of his re-election at the AGM. The emoluments of Mr. Morrison are set out in his service contract and determined by the Board. The details of his emoluments are disclosed in the Notes to Accounts (page 184) of the Company's Annual Report 2013.

**Ng Leung-sing**, aged 64, is an INED and has been a member of the Board since December 2007. He is also a member of the Audit Committee and the Nominations Committee of the Company.

Mr. Ng is vice chairman of Chiyu Banking Corporation, chairman of Bank of China (Hong Kong) Trustees Limited, a director of the BOCHK Charitable Foundation, and an independent non-executive director of SmarTone Telecommunications Holdings Limited, and Nine Dragons Paper (Holdings) Limited. He was a member of the Court of Lingnan University and general manager, Bank-wide Operation Department of Bank of China (Hong Kong) Limited. Mr. Ng is also a Hong Kong Deputy to the 10th, 11th and 12th National People's Congress, People's Republic of China, and a member of the Legislative Council of the Hong Kong Special Administrative Region. Mr. Ng is a graduate of University of East Asia, Graduate College, Macau and holds a diploma in Chinese Law.

At each of the Company's 2008 and 2011 annual general meetings, over 99.8% of the votes were in favour of Mr. Ng's election/re-election as a member of the Board.

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## LETTER FROM THE CHAIRMAN

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As an INED with a diverse business and professional background, Mr. Ng brings his valuable experience to the Board for promoting the best interests of the Company and its Shareholders. Alongside the other INEDs, Mr. Ng 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 continued to receive written confirmation from Mr. Ng annually on his independence in accordance with the Listing Rules.

Accordingly, the Board has resolved that Mr. Ng continues to be independent and should be re-elected as a Director at the AGM. The re-appointment of Mr. Ng at the AGM will be in accordance with the relevant CG Code.

As at the Latest Practicable Date, Mr. Ng 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. Ng entered into a service contract with the Company in 2011, under which the current term of his office as an INED will last up to 5 May 2014. The Company intends to enter into a new service contract with Mr. Ng, under which the term of his office as an INED will commence from 6 May 2014 and last up to the earlier of (i) the date on which he will retire again by rotation under the Articles and (ii) 5 May 2017 subject to the Shareholders' approval of his re-election at the AGM. The emoluments of Mr. Ng are set out in his service contract and determined by the Board. The details of his emoluments are disclosed in the Notes to Accounts (page 184) of the Company's Annual Report 2013.

**Abraham Shek Lai-him**, aged 68, is an INED and has been a member of the Board since December 2007. He is also a member of the Nominations Committee and the Corporate Responsibility Committee of the Company.

Mr. Shek is an independent non-executive director and an audit committee member of each of Midas International Holdings Limited, Paliburg Holdings Limited, Lifestyle International Holdings Limited, Chuang's Consortium International Limited, NWS Holdings Limited, Regal Portfolio Management Limited, Eagle Asset Management (CP) Limited, ITC Corporation Limited, Country Garden Holdings Company Limited, SJM Holdings Limited, Dorsett Hospitality International Limited, China Resources Cement Holdings Limited, and Cosmopolitan International Holdings Limited (from 18 December 2013). He is also an independent non-executive director of Hsin Chong Construction Group Ltd., Hop Hing Group Holdings Limited and Lai Fung Holdings Limited. Mr. Shek is chairman and an independent non-executive director of Chuang's China Investments Limited. He is also vice chairman, an independent non-executive director and a member of the audit committee of ITC Properties Group Limited. Mr. Shek was an independent non-executive director and an audit committee member of Titan Petrochemicals Group Limited ('Titan') (until 26 February 2014). He was appointed as Justice of the Peace in 1995 and was awarded the Gold Bauhinia Star in 2013. Mr. Shek is vice chairman of the Independent Police Complaints Council. He is a graduate of the University of Sydney and holds a Bachelor of Arts degree and a Diploma in Education.

As disclosed in the Company's announcement dated 11 November 2013 (the '**Announcement**') and according to the Titan Announcement (as defined in the Announcement), the Bermuda Court had ordered the appointment of joint provisional liquidators over Titan. The Announcement was made pursuant to Rule 13.51B(2) of the Listing Rules and contains information about that appointment. The Board has no information on this matter other than the information set out in the Titan Announcement and other relevant announcements, circulars and public documents published by Titan.

At each of the Company's 2008 and 2011 annual general meetings, over 99.2% of the votes were in favour of Mr. Shek's election/re-election as a member of the Board.

As an INED with a diverse business and professional background, Mr. Shek brings his valuable experience to the Board for promoting the best interests of the Company and its shareholders. Alongside the other INEDs, Mr. Shek 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 continued to receive written confirmation from Mr. Shek annually on his independence in accordance with the Listing Rules.

Accordingly, the Board has resolved that Mr. Shek continues to be independent and should be re-elected as a Director at the AGM. The re-appointment of Mr. Shek at the AGM will be in accordance with the relevant CG Code.

As at the Latest Practicable Date, Mr. Shek 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. Shek entered into a service contract with the Company in 2011, under which the current term of his office as an INED will last up to 5 May 2014. The Company intends to enter into a new service contract with Mr. Shek, under which the term of his office as an INED will commence from 6 May 2014 and last up to the earlier of (i) the date on which he will retire again by rotation under the Articles and (ii) 5 May 2017 subject to the Shareholders' approval of his re-election at the AGM. The emoluments of Mr. Shek are set out in his service contract and determined by the Board. The details of his emoluments are disclosed in the Notes to Accounts (page 184) of the Company's Annual Report 2013.

**Pamela Chan Wong Shui**, aged 67, is an INED and has been a member of the Board since 4 July 2013. She has also been a member of the Corporate Responsibility Committee of the Company since 17 September 2013.

Mrs. Chan is chairman of Hong Kong Deposit Protection Board, deputy chairman of the Hong Kong Baptist University Council, a member of the HKSAR Government Scholarship Fund Steering Committee and the executive committee of The Boys' and Girls' Clubs Association of Hong Kong, as well as an independent director of the Travel Industry Council of Hong Kong. She had served on the board of The Community Chest of Hong Kong for many years, and is currently its vice-patron. Mrs. Chan is also currently patron of Consumers International. She was a member of the Law Reform Commission of Hong Kong (until 31 December 2013). Mrs. Chan is a graduate and an Honorary Fellow of the Chinese University of Hong Kong. She holds an LLB

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## LETTER FROM THE CHAIRMAN

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degree from Peking University.

As an INED with extensive experience in public and community service, Mrs. Chan brings her valuable experience to the Board for promoting the best interests of the Company and its Shareholders. Alongside the other INEDs, Mrs. Chan 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 Mrs. Chan concerning her independence in accordance with the Listing Rules.

Accordingly, the Board has resolved that Mrs. Chan continues to be independent and should be elected as a Director at the AGM. The appointment of Mrs. Chan at the AGM will be in accordance with the relevant CG Code.

As at the Latest Practicable Date, Mrs. Chan was interested in 2,791 Shares within the meaning of Part XV of the SFO. Save as disclosed above, Mrs. Chan 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.

Mrs. Chan entered into a service contract with the Company in 2013, under which the current term of her office as an INED will last up to the AGM (being the first annual general meeting of the Company after her appointment) at which she will retire in accordance with Article 85 of the Articles, and will offer herself for election. If Mrs. Chan is elected as a Director at the AGM, the Company intends to enter into a new service contract with Mrs. Chan, under which the term of her office as an INED will last up to the earlier of (i) the date on which she will retire again by rotation under the Articles and (ii) 7 May 2017. The emoluments of Mrs. Chan are set out in her service contract and determined by the Board. The details of her emoluments are disclosed in the Notes to Accounts (page 184) of the Company's Annual Report 2013.

As at the Latest Practicable Date, Mrs. Chan has not held any directorship in the last three years in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas.

**Dr. Dorothy Chan Yuen Tak-fai**, aged 64, is an INED and has been appointed a member of the Board since 4 July 2013. She has also been a member of the Remuneration Committee of the Company since 17 September 2013.

Dr. Chan is currently the Deputy Director (Administration and Resources) of HKU School of Professional and Continuing Education, Head of Centre for Logistics & Transport, and advisor of Centre for Degree Programmes of the University of Hong Kong. She became the International President of the Chartered Institute of Logistics and Transport in January 2013 and is also one of its Fellows. Dr. Chan is a member of the Social Welfare Advisory Committee, and the Advisory Council on Environment of the HKSAR Government. She is also an independent non-executive director of AMS Public Transport Holdings Limited, a board member of the Hong Kong R&D Centre for Logistics and Supply Chain Management Enabling Technologies Limited, an advisor to the Serco Group and its Road Tunnel and Bridge Advisory Board and the Board of Governors of the Hong Kong Institute for Public Administration. Dr. Chan was previously the Deputy Commissioner for Transport of the Government from 1995 to 2002. From 2000 to 2002, she was the Alternate Director to the office of the Commissioner for Transport, a Non-executive Director of the Company. Dr. Chan holds a Bachelor of Social Sciences degree, a Master of Social Sciences degree in Public Administration and a Doctor of Philosophy degree from the University of Hong Kong.

As an INED with extensive experience in the HKSAR Government, logistics and transportation, Dr. Chan brings her valuable experience to the Board for promoting the best interests of the Company and its Shareholders. Alongside the other INEDs, Dr. Chan 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 Dr. Chan concerning her independence in accordance with the Listing Rules.

Accordingly, the Board has resolved that Dr. Chan continues to be independent and should be elected as a Director at the AGM. The appointment of Dr. Chan at the AGM will be in accordance with the relevant CG Code.

As at the Latest Practicable Date, Dr. Chan 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.

Dr. Chan entered into a service contract with the Company in 2013, under which the current term of her office as an INED will last up to the AGM (being the first annual general meeting of the Company after her appointment) at which she will retire in accordance with Article 85 of the Articles, and will offer herself for election. If Dr. Chan is elected as a Director at the AGM, the Company intends to enter into a new service contract with Dr. Chan, under which the term of her office as an INED will last up to the earlier of (i) the date on which she will retire again by rotation under the Articles and (ii) 7 May 2017. The emoluments of Dr. Chan are set out in her service contract and determined by the Board. The details of her emoluments are disclosed in the Notes to Accounts (page 184) of the Company's Annual Report 2013.

**Professor Frederick Ma Si-hang**, aged 62, is an INED and has been appointed a member of the Board since 4 July 2013. He has also been a member of the Audit Committee and the Nominations Committee of the Company since 17 September 2013.

Professor Ma has extensive experience in banking and the financial sector. He is currently an independent non-executive director and the chairman of the audit committee of Agricultural Bank of China Limited and Aluminum Corporation of China Limited, and an independent non-executive director of Hutchison Port Holdings Management Pte. Limited and FWD Group (with effect from 10 December 2013). Professor Ma is also a director of Husky Energy Inc., a non-executive director of COFCO Corporation and China Mobile Communications Corporation. Within the last three years, he was an independent non-executive director of China Resources Land Limited and a non-executive director and the chairman of China Strategic Holdings Limited. Professor Ma was previously the Secretary for Financial Services and the Treasury of the HKSAR Government and a Non-executive Director of the Company from 2002 to 2007. He held the position of the Secretary for Commerce and

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## LETTER FROM THE CHAIRMAN

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Economic Development of the HKSAR Government from 2007 to July 2008. Professor Ma was appointed as a member of the International Advisory Council of China Investment Corporation in July 2009. In January 2013, Professor Ma was appointed as a member of the Global Advisory Council of the Bank of America. He was appointed as an Honorary Professor of the School of Economics and Finance at the University of Hong Kong in October 2008, a Professor of Finance Practice of the Institute of Advanced Executive Education at The Hong Kong Polytechnic University in July 2012 and an Honorary Professor of Business Administration at The Chinese University of Hong Kong in August 2013. He holds a Bachelor of Arts (Honours) degree majoring in economics and history from the University of Hong Kong. Professor Ma was awarded the Gold Bauhinia Star medal in 2009 and was appointed a Justice of the Peace in 2010.

As an INED with a diverse business and professional background, Professor Ma brings his valuable experience to the Board for promoting the best interests of the Company and its Shareholders. Alongside the other INEDs, Professor Ma 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 Professor Ma concerning his independence in accordance with the Listing Rules.

Accordingly, the Board has resolved that Professor Ma continues to be independent and should be elected as a Director at the AGM. The appointment of Professor Ma at the AGM will be in accordance with the relevant CG Code.

As at the Latest Practicable Date, Professor Ma was interested in 70,000 Shares within the meaning of Part XV of the SFO. Save as disclosed above, Professor Ma was not interested in and did not hold any short positions in any Shares or underlying Shares in or any debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Professor Ma entered into a service contract with the Company in 2013, under which the current term of his office as an INED will last up to the AGM (being the first annual general meeting of the Company after his appointment) at which he will retire in accordance with Article 85 of the Articles, and will offer himself for election. If Professor Ma is elected as a Director at the AGM, the Company intends to enter into a new service contract with Professor Ma, under which the term of his office as an INED will last up to the earlier of (i) the date on which he will retire again by rotation under the Articles and (ii) 7 May 2017. The emoluments of Professor Ma are set out in his service contract and determined by the Board. The details of his emoluments are disclosed in the Notes to Accounts (page 184) of the Company's Annual Report 2013.

Save as disclosed above, none of the above Directors is related to any other Directors, senior management or substantial or controlling shareholders of the Company.

Save as disclosed above and in relation to the re-election/election of the above Directors, there is no information which is discloseable 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 holders of securities of the Company.

### **DOCUMENTS AVAILABLE FOR INSPECTION**

A copy of the New Articles will be available for inspection at the registered office of the Company at MTR Headquarters Building, Telford Plaza, Kowloon Bay, Kowloon, Hong Kong during normal business hours on any business day from the date hereof up to and including the date of the AGM.

Shareholders are advised that the New Articles are in English only and any Chinese translation provided is for reference only. In case of any inconsistency, the English version shall prevail.

### **VOTING BY POLL**

As required under rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. Accordingly, the Chairman of the Company will exercise his right as Chairman of the AGM under Article 67 of the Articles to demand a poll, in accordance with rule 13.39(4) of the Listing Rules, on each of the resolutions to be proposed at the AGM.

### **RECOMMENDATION**

The Directors consider that the proposed resolutions set out in the Notice, including without limitation in relation to the granting of the Issue Mandate and the Repurchase Mandate, the adoption of the Scrip Dividend Scheme, the amendments to the Articles and the re-election/election of Directors 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

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## APPENDIX I - EXPLANATORY STATEMENT ON SHARE REPURCHASE MANDATE

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This is an explanatory statement given to all shareholders of MTR Corporation Limited (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 8 May 2014. This explanatory statement also constitutes the memorandum required under Section 239 of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong).

### **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 25 March 2014 (the '**Latest Practicable Date**'), being the latest practicable date for determining such figure before the printing of this circular, the number of Shares in issue was 5,798,886,150. On the basis of the 5,798,886,150 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 579,888,615 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 31 December 2013) 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.



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## APPENDIX I - EXPLANATORY STATEMENT ON SHARE REPURCHASE MANDATE

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### 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\$)
<b>2013</b>		
March	32.90	30.30
April	32.00	30.00
May	32.50	30.50
June	31.35	27.05
July	29.70	27.55
August	29.90	28.15
September	31.45	29.25
October	31.10	29.30
November	30.45	29.00
December	30.40	28.65
<b>2014</b>		
January	29.45	27.05
February	28.30	26.55
March*	28.40	27.45

\* Up to and including the Latest Practicable Date.

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

### Effect of the Takeover Code

The Directors and 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 - SUMMARY OF PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

This Appendix II contains a summary of the proposed amendments to the Articles.

### **1. Provisions previously contained in the Memorandum of Association**

In accordance with the New Companies Ordinance, the Company's Memorandum of Association has been retired. The name clause, the registered office clause, the objects clause, the members' limited liability clause and the share capital clause were previously contained in the Company's Memorandum of Association before its retirement. Under the New Companies Ordinance, those clauses are regarded as being included in the Articles of Association and the Directors propose restating them as new numbered Articles 1, 2, 3, 4 and 5, respectively of the New Articles. Given the New Companies Ordinance abolishes the concept of "nominal amount" of shares, the Directors also propose removing a reference to the "nominal amount" of the Company's securities in object (u) of the objects clause and removing the provisions on the Company's authorized capital and the division of it into shares of a fixed nominal value in the share capital clause.

### **2. General meetings, polls, voting and proxy**

- i. Since the New Companies Ordinance stipulates that a company's articles of association may provide for an alternate way of passing shareholders' written resolutions other than the new procedures for circulating written resolutions under the New Companies Ordinance, the Directors propose amending Article 3(b) (new Article 8(b)) to make it clear that the existing method of passing shareholders' written resolutions under that article continues to apply independently of the procedural requirements under the New Companies Ordinance.
- ii. Since the New Companies Ordinance has changed the timing for holding annual general meetings for public companies to within 6 months after the end of their accounting reference period, the Directors propose amending Article 50 (new Article 54) to align it with that requirement. With this amendment, the Company will be required to hold annual general meetings "within the time period prescribed in the Companies Ordinance".
- iii. Since the New Companies Ordinance reduces the minimum notice period for a special resolution at a general meeting other than an annual general meeting from 21 days to 14 days, unless the articles specify a longer period, the Directors propose amending Article 53(a) (new Article 57(a)) to align it with the New Companies Ordinance.
- iv. Since the New Companies Ordinance provides that notices of general meetings must also be sent to every director of a company (and not just to a company's shareholders), subject to the provisions in the articles, the Directors propose amending Article 53(c) (new Article 57(c)) to align it with the New Companies Ordinance.
- v. Since the New Companies Ordinance requires the chairperson of a general meeting to demand a poll if, before or on the declaration of the result on a show of hands, he knows, from the proxies received by the Company, that the result on a show of hands will be different from that on a poll, the Directors propose amending Article 67 (new Article 71) to align it with the New Companies Ordinance.
- vi. Since the New Companies Ordinance permits proxies to vote on a show of hands, subject to the provisions in a company's articles of association, the Directors propose amending Article 66 (new Article 70) to permit a proxy voting on a show of hands.
- vii. Since the New Companies Ordinance lowers the required percentage of total voting rights which Shareholders must have in order to demand a poll from 10% to 5%, the Directors propose amending Article 67(c) (new Article 71(c)) to align it with the New Companies Ordinance. For consistency with Article 67(c) (new Article 71(c)), the Directors also propose amending Article 67(d) (new Article 71(d)) by reducing the required percentage of total sum paid up on all shares which the sum paid up on shares held by Shareholders must account for in order for them to demand a poll from 10% to 5%.
- viii. Since the New Companies Ordinance continues to provide that a provision of a company's articles will be void if it requires notices of appointment of a proxy or termination of a proxy's authority to be received earlier than 48 hours before the time for holding the relevant general meeting (or 24 hours before the time appointed for taking the poll, in the case of a poll taken more than 48 hours after it was demanded) and specifies that no account is to be taken of any part of a day that is a public holiday in calculating the relevant time periods, the Directors propose amending Article 55 (new Article 59), Article 78 (new Article 82) and Article 81 (new Article 85) to align them with the New Companies Ordinance and to confer on the Directors the discretion to stipulate a later (but not earlier) time if they so determine.

### **3. Share capital, redeemable shares and share warrants**

- i. Since the New Companies Ordinance removes the power of companies to issue share warrants to bearer, the Directors propose amending Article 6 (new Article 10) such that any power of the Company to issue warrants to subscribe for shares is subject to that statutory restriction.
- ii. Since the New Companies Ordinance provides that directors may determine the terms, conditions and manner of the redemption of redeemable shares if they so authorized by the company's articles, the Directors propose amending Article 7 (new Article 11) by including a provision to that effect.
- iii. Since the New Companies Ordinance requires directors to state the reasons for refusing to register a transfer of

## **APPENDIX II - SUMMARY OF PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

shares upon request in accordance with the New Companies Ordinance, the Directors propose amending Article 37 (new Article 41) to align it with the New Companies Ordinance.

- iv. Since the New Companies Ordinance introduces additional ways of altering a company's share capital, the Directors propose amending Article 46 (new Article 50) to align it with the New Companies Ordinance by permitting the Company to alter its share capital in any one or more of the ways permissible by the New Companies Ordinance by passing an ordinary resolution and complying with the statutory requirements, and to increase the share capital with or without allotting and issuing new shares.
- v. Since the New Companies Ordinance stipulates that the rights of shareholders to cancel shares by an ordinary resolution extends to those which have been forfeited, the Directors propose amending Article 46(b)(iii) (new Article 50(b)(iii)) to align it with the New Companies Ordinance.

### **4. Service of notices and other communications**

- i. The Directors propose amending Article 138 (new Article 142) by clarifying that the service of notices or documents by the Company under that article is subject to the requirements under the New Companies Ordinance.
- ii. Since the New Companies Ordinance allows a company's articles of association to provide arrangement in respect of the agreement, authorisation or specification by joint holders of shares in certain circumstances, the Directors propose adding a new provision in Article 138 (new Article 142).
- iii. The Directors propose amending Article 55 (new Article 59) to permit the announcing of the details of a rearranged general meeting on the websites of the Stock Exchange and the Company.

### **5. Directors**

- i. The Directors propose amending Article 96(a)(i) (new Article 100(a)(i)) to increase the cap on the total fees paid to Directors for performing their services as Directors from HK\$6,000,000 a year to HK\$10,000,000 a year (following the recommendation of the Remuneration Committee, as further described in the section of this circular headed "Amendments to the Articles").
- ii. The Directors propose amending Articles 87 and 88 (new Articles 91 and 92) to update and align the provisions on the retirement by rotation of directors in the Articles with the requirements under the CG Code that every director should be subject to retirement by rotation at least once every three years. The Directors also propose making a consequential change to Article 85 (new Article 89).

### **6. General amendments**

- i. Since references to the memorandum of association, the par value of Shares, share premium, capital redemption reserve, authorised capital and extraordinary general meetings have become obsolete under the New Companies Ordinance, the Directors propose amendments to the Articles including:
  - (a) deleting Article 4 on authorised share capital of the Company;
  - (b) in relation to the definitions in Article 2 (new Article 7):
    - (i) deleting references to the memorandum of association; and
    - (ii) modifying the definition of "amount" which currently includes a reference to the nominal amount of shares;
  - (c) in relation to Articles 9 and 46 (new Articles 13 and 50), deleting or modifying as appropriate any references to the nominal value of Shares;
  - (d) in relation to Article 11 (new Article 15), deleting references to unissued shares;
  - (e) in relation to Article 21 (new Article 25), deleting references to the premium and nominal value of shares;
  - (f) in relation to Article 48 (new Article 52), deleting references to the share premium account and the capital redemption reserve;
  - (g) in relation to Articles 49 and 51 (new Articles 53 and 55), deleting or modifying as appropriate references to extraordinary general meetings;
  - (h) in relation to Article 131 (new Article 135), deleting references to the nominal amount of shares, share premium account and capital redemption reserve;
  - (i) in relation to Article 132 (new Article 136), deleting or modifying as appropriate references to unissued shares, premiums of shares, share premium account and capital redemption reserves; and
  - (j) in relation to Article 101(a) (new Article 105(a)), deleting a reference to the memorandum of association.

## **APPENDIX II - SUMMARY OF PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

- ii. The Directors propose excluding the application of Schedule 1 of the Companies (Model Articles) Notice in Article 1 (new Article 6).
- iii. The Directors propose updating references in the Articles to the New Companies Ordinance and other legislation, including in relation to the definitions in Article 2 (new Article 7) by:
  - (a) adding a reference to section 1 of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) in the definition of “clearing house” to reflect the repeal of the Securities and Futures (Clearing House) Ordinance (Cap. 420 of the Laws of Hong Kong); and
  - (b) updating the reference to the “Companies Ordinance” in the definition.
- iv. The Directors propose amending Article 91(c) (new Article 95(c)) to align with the expression under the New Companies Ordinance by reference to “the total voting rights of all the shareholders having a right to vote at general meetings” for calculating the shareholding percentage threshold required under that article to nominate a person for election as a director at a general meeting.
- v. The Directors propose removing the one per cent. threshold for material interests in Article 100(d)(iv) (new Article 104(d)(iv)) to align with the requirement in note 1 of Appendix 3 to the Listing Rules.
- vi. The Directors propose amending Article 128(a)(ii) (new Article 132(a)(ii)) on uncashed dividends to align the position in the Articles with paragraph 13(1) of Appendix 3 to the Listing Rules.
- vii. The Directors propose updating the numbering of, and cross-references to other articles in, the Articles.
- viii. The Directors propose updating the Glossary and making consequential changes arising from the other proposed amendments to the Articles as described in this Appendix II. However, the Glossary is not legally part of the Articles and is included for information only and will not form part of the New Articles (if passed).

### **7. Other clarificatory changes**

The Directors propose implementing other changes to the Articles, which are of a minor, technical or clarifying nature, including:

- i. by amending Article 2 (new Article 7);
- ii. by amending Article 34(b) (new Article 38(b));
- iii. by replacing the reference to “Hong Kong Stock Exchange” in Article 35 (new Article 39) with “HK Stock Exchange” as a defined term under Article 2 (new Article 7);
- iv. by amending Article 48 (new Article 52);
- v. by amending Article 80 (new Article 84);
- vi. by amending Article 82 (new Article 86);
- vii. by amending Article 100(d) (new Article 104(d));
- viii. by amending Article 100(g) (new Article 104(g));
- ix. by amending Article 134 (new Article 138);
- x. by amending Article 142(a) (new Article 146(a)); and
- xi. by replacing the references to “nomination committee” with “nominations committee” to reflect the actual name of that committee.

The legal advisers to the Company as to Hong Kong law have confirmed that the proposed amendments to the Articles comply with the requirements of the Listing Rules and applicable laws of Hong Kong. The Company confirms that there is nothing unusual about the proposed amendments for a Hong Kong company listed on the Stock Exchange.

The current version of the Articles (not including the proposed amendments) are available for inspection by the Shareholders at the websites of the Stock Exchange and the Company.

Shareholders are advised that the proposed amendments to the Articles are in English only and that any Chinese translation provided including the Chinese translation of the summary of the proposed amendments contained in this Appendix II is for reference only. In case of inconsistency, the English version shall prevail.

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## NOTICE OF ANNUAL GENERAL MEETING

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### MTR CORPORATION LIMITED 香港鐵路有限公司

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

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of MTR Corporation Limited (the '**Company**') will be held at Rotunda 3 (6/F), Kowloonbay International Trade & Exhibition Centre, 1 Trademart Drive, Kowloon Bay, Hong Kong on Thursday, 8 May 2014 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 31 December 2013.
- (2) To declare a final dividend for the year ended 31 December 2013.
- (3) To re-elect/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, to grant rights to subscribe for, or convert any security into, Shares (including the issue of any securities convertible into Shares, or options, warrants or similar rights to subscribe for any Shares) and to make or grant offers, agreements and options which will or might require such powers to be exercised during or after the end of the Relevant Period, be and is hereby generally and unconditionally APPROVED;
  - (B) the aggregate number of Shares 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 New Joiners Share Option Scheme and the Rules of the Company's 2007 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 number of Shares in issue as at the date of passing this Resolution 5 (subject to adjustment in the case of any conversion of any or all of the Shares into a larger or smaller number of shares in accordance with section 170(2)(e) of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) after the passing of this Resolution 5); and

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## NOTICE OF ANNUAL GENERAL MEETING

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- (b) (if the Board of Directors is so authorised by a separate resolution of the shareholders of the Company) the aggregate number of Shares purchased by the Company subsequent to the passing of this Resolution 5 (up to a maximum equivalent to ten per cent. of the aggregate number of Shares in issue as at the date of passing this Resolution 5, subject to adjustment in the case of any conversion of any or all of the Shares into a larger or smaller number of shares in accordance with section 170(2)(e) of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) after the passing of 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 and the Stock Exchange, in accordance with all applicable laws, including the Hong Kong Code on Share Buy-backs 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 number 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 number of the Shares in issue as at the date of passing of this Resolution 6 (subject to adjustment in the case of any conversion of any or all of the Shares into a larger or smaller number of shares in accordance with section 170(2)(e) of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) after the 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 number of the Shares referred to in sub-paragraph (b) of paragraph (B) of Resolution 5, be and is hereby APPROVED AND AUTHORISED.'

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## NOTICE OF ANNUAL GENERAL MEETING

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(8) **'THAT**

- (A) subject to paragraph (B) below, the exercise by the Board of Directors of the power contained in Article 131 of the Company's Articles of Association (or the corresponding Article in the Company's Articles of Association if Resolution 9 is passed) to offer ordinary shareholders the right to choose to receive new ordinary shares in the capital of the Company, which are credited as fully paid up, instead of the whole or part of their cash dividend, in respect of some or all of the dividends (including, without limitation, any final and/or interim dividends) which may be declared or paid in the period up to and including the annual general meeting of the Company which is held in the fifth year after the date on which this Resolution 8 is passed (including, for the avoidance of doubt, any dividends which may be declared or paid in respect of the financial year ended 31 December 2013), and to take all actions in connection therewith contemplated in such Article, be and is hereby generally and unconditionally AUTHORISED AND APPROVED; and
- (B) such power shall be exercised by the Board of Directors in accordance with Article 131 of the Company's Articles of Association (or the corresponding Article in the Company's Articles of Association if Resolution 9 is passed) such that, amongst other things, a shareholder who accepts an offer to receive new ordinary shares will be entitled to receive ordinary shares the total relevant value of which is as near as possible to the value of the cash dividend he would otherwise have received, but not more than the value of such cash dividend, such relevant value being calculated in accordance with that Article.'

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

- (9) **'THAT**, the new Articles of Association produced to the meeting and initialled by the chairman of the meeting for the purposes of identification be and is hereby APPROVED AND ADOPTED as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association of the Company.'

By Order of the Board  
**Gillian Elizabeth Meller**  
Company Secretary

Hong Kong, 3 April 2014

*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*

*Registered Office:* MTR Headquarters Building, Telford Plaza, Kowloon Bay, Kowloon, Hong Kong.

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## NOTICE OF ANNUAL GENERAL MEETING

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Notes:

1. A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint 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 proxy form must be completed and delivered to the Company's registrar, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, at least 48 hours before the time for holding the meeting or adjourned meeting (or 24 hours before the time appointed for the taking of a poll, if the poll is taken more than 48 hours after it was demanded). 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 of a form of proxy and its return will not preclude a member from attending in person and voting at the meeting or any adjournment thereof should he so wish.**
3. The Board of Directors has recommended a final dividend for the year ended 31 December 2013 (the '**Final Dividend**') of HK\$0.67 per share and, if such dividend is declared by the shareholders by passing Resolution 2, it is currently expected to be paid on or about 4 July 2014, to those shareholders whose names appeared on the Company's register of members on 19 May 2014. In addition, the Company plans to send a circular on or about 27 May 2014 to shareholders whose names appeared on the register of members on 19 May 2014, 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 19 May 2014 (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.
4. The register of members of the Company will be closed from Wednesday, 14 May 2014 to Monday, 19 May 2014 (both days inclusive), during which no transfer of shares in the Company will be effected. In order to qualify for the proposed Final Dividend, all transfers, accompanied by the relevant share certificates, have 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, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 13 May 2014.
5. In relation to Resolution 3, six directors will retire from office at the meeting and all of them will offer themselves for re-election/election. Mr. Alasdair George Morrison, Mr. Ng Leung-sing and Mr. Abraham Shek Lai-him will retire from office by rotation at the meeting pursuant to Articles 87 and 88 of the articles of association of the Company ('**Articles**'), and will offer themselves for re-election. Mrs. Pamela Chan Wong Shui, Dr. Dorothy Chan Yuen Tak-fai and Professor Frederick Ma Si-hang, who were appointed after the annual general meeting on 9 May 2013, will retire from office at the meeting pursuant to Article 85 of the Articles, and will offer themselves for 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**') and the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) (the '**Companies Ordinance**') is set out in Appendix I to the circular containing this notice.
7. By Resolutions 5 and 7, approval is being sought from shareholders, as a general mandate in compliance with section 141 of the Companies Ordinance 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 aggregate number of shares in issue of the Company, together with such number of shares as may be repurchased by the Company, as more particularly described in Resolutions 5, 6 and 7. The members of the Board of Directors (the '**Board**') wish to state, however, that they have no immediate plans to issue any new shares of the Company, other than pursuant to the Rules of the Company's 2007 Share Option Scheme or New Joiners Share Option Scheme.
8. In relation to Resolution 9, approval is being sought from shareholders to amend the Articles to, among other things, (a) reflect or take advantage of the changes introduced by the Companies Ordinance which came into effect on 3 March 2014 and (b) increase the cap on the total fees paid to members of the Board for performing their services as members of the Board from HK\$6,000,000 a year to HK\$10,000,000 a year, as explained in the accompanying circular.
9. The new Articles of Association to be adopted by the Company and delivered to (and registered by) the Registrar of Companies are in the English language. Accordingly, the special resolution set out in the above notice (Resolution 9) will, if passed, be passed in the English language. The translation into the Chinese language of the above notice (including the special resolution) and the summary of the proposed amendments to the Articles (contained in Appendix II of the accompanying circular) are included for information only.
10. Shareholders should note that the auditors are entitled under the Companies Ordinance, to attend the Annual General Meeting and to be heard (including answering questions) on any part of the business of the meeting which concerns them as auditors. The auditors are not responsible for the preparation of the Company's financial statements. The objective of an audit of financial statements is to enable the auditors to express an opinion as to whether the financial statements give a true and fair view in accordance with the applicable financial reporting framework, such as Hong Kong Financial Reporting Standards. The auditors provide reasonable, not absolute, assurance that the Company's financial statements, taken as a whole, are free from material misstatement.