
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.

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 BUY BACK SHARES,
PROPOSED RE-ELECTION/ELECTION OF DIRECTORS,
AND
NOTICE OF ANNUAL GENERAL MEETING**

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 Wednesday, 20 May 2015 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.

LETTER FROM THE CHAIRMAN



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*)**

Lincoln Leong Kwok-kuen (*Chief Executive Officer*)

Pamela Chan Wong Shui*

Dr. Dorothy Chan Yuen Tak-fai*

Vincent Cheng Hoi-chuen*

Christine Fang Meng-sang*

Dr. Eddy Fong Ching*

Edward Ho Sing-tin*

James Kwan Yuk-choi*

Lucia Li Li Ka-lai*

Professor Frederick Ma Si-hang*

Alasdair George Morrison*

Ng Leung-sing*

Abraham Shek Lai-him*

T. Brian Stevenson*

Benjamin Tang Kwok-bun*

Professor Chan Ka-keung, Ceajer (*Secretary for Financial Services and the Treasury*)**

Secretary for Transport and Housing (*Professor Anthony Cheung Bing-leung*)**

Permanent Secretary for Development (Works) (*Hon Chi-keung*)**

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')*

16 April 2015

To: the shareholders of the Company (the '**Shareholders**') and
the option holders under the 2007 Share Option Scheme and
the award holders of the 2014 Share Incentive Scheme (if any) of the Company (for information only)

Dear Sir or Madam,

**PROPOSED GENERAL MANDATES TO ISSUE AND BUY BACK SHARES,
PROPOSED RE-ELECTION/ELECTION OF DIRECTORS, AND
NOTICE OF ANNUAL GENERAL MEETING**

The annual general meeting of the Company will be held on Wednesday, 20 May 2015 (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 2014, accompany this circular. Details of the resolutions to be proposed at the AGM are set out in the Notice.

LETTER FROM THE CHAIRMAN

GENERAL MANDATES TO ISSUE AND BUY BACK SHARES

At the annual general meeting of the Company held on 8 May 2014, 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 (the '**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 '**Buy-back Mandate**'); and
- conditional on the passing of the resolutions to grant the Issue Mandate and the Buy-back Mandate, an ordinary resolution to extend the mandate of the Directors to exercise the powers to allot, issue, grant, distribute and otherwise deal with additional Shares under the Issue Mandate by the addition thereto of a number of Shares representing the aggregate number of Shares purchased by the Company.

The full text of these resolutions is set out in the Notice. In addition, and as required under the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) 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 Buy-back Mandate is set out in the Appendix to this circular.

RE-ELECTION/ELECTION OF DIRECTORS

Eight Directors are due to retire from office at the AGM. Dr. Raymond Ch'ien Kuo-fung, Mr. T. Brian Stevenson and Professor Chan Ka-keung, Ceajer will retire from office by rotation at the AGM pursuant to Articles 91 and 92(a) of the Articles of Association of the Company (the '**Articles**'); Mr. T. Brian Stevenson will not stand for re-election at the AGM, whereas both Dr. Raymond Ch'ien Kuo-fung and Professor Chan Ka-keung, Ceajer will offer themselves for re-election. Dr. Eddy Fong Ching, Mr. James Kwan Yuk-choi, Mr. Lincoln Leong Kwok-kuen, Mrs. Lucia Li Li Ka-lai and Mr. Benjamin Tang Kwok-bun, who were appointed after the annual general meeting on 8 May 2014, will retire from office at the AGM pursuant to Article 89 of the Articles, and will offer themselves for election.

The details of the seven retiring Directors who will offer themselves for re-election/election (the '**Directors For Re-election/Election**') are as follows:

Dr. Raymond Ch'ien Kuo-fung, aged 63, was first appointed as non-executive Chairman of the Company in July 2003. He has been a member of the Board since 1998. He is also a member of the Nominations Committee and the chairman of the Corporate Responsibility Committee of the Company.

Dr. Ch'ien brings his valuable and wide ranging business experience to the Board for promoting the best interests of the Company and the Shareholders. Under his leadership, the Company has achieved a number of important milestones including the successful completion of the merger with Kowloon-Canton Railway Corporation in December 2007. As the non-executive Chairman, Dr. Ch'ien is responsible for chairing and managing the operations of the Board, as well as monitoring the performance of the Chief Executive Officer and other members of the Executive Directorate. Apart from making sure that adequate information about the Company's business is provided to the Board on a timely basis, he provides leadership for the Board, and ensures views on all principal and appropriate issues are exchanged by all Directors (including the non-executive Directors) in a timely manner, by encouraging them to make a full and effective contribution to the discussion. Under Dr. Ch'ien's guidance, all decisions have reflected the consensus of the Board.

Dr. Ch'ien is chairman and an independent non-executive director of Hang Seng Bank Limited. He is an independent non-executive director of each of The Wharf (Holdings) Limited, Swiss Re Ltd and China Resources Power Holdings Company Limited, and a member of the board of The Hongkong and Shanghai Banking Corporation Limited. In addition, Dr. Ch'ien is a member of the Economic Development Commission of the Government of the Hong Kong Special Administrative Region (the '**HKSAR**'), a member of the Standing Committee of the Tianjin Municipal Committee of the Chinese People's Political Consultative Conference and the honorary president and past chairman of the Federation of Hong Kong Industries.

He was a member of the Executive Council of Hong Kong, then under British Administration, from 1992 to 1997, and a member of the Executive Council of the HKSAR from 1 July 1997 to June 2002. Dr. Ch'ien was an independent non-executive director of Convenience Retail Asia Limited (until 31 March 2014) and UGL Limited (until 30 October 2014), chairman of China.com Inc. (until 28 March 2013), a non-executive director of Inchcape plc., a Hong Kong member of APEC Business Advisory Council, non-executive chairman of HSBC Private Equity (Asia) Limited, and chairman of the Hong Kong/European Union Business Cooperation Committee.

Dr. Ch'ien was appointed a Justice of the Peace in 1993. He was made a Commander in the Most Excellent Order of the British Empire in 1994 and awarded the Gold Bauhinia Star medal in 1999. In 2008, Dr. Ch'ien was conferred the

LETTER FROM THE CHAIRMAN

honour of Chevalier de l'Ordre du Merite Agricole of France. He received a doctoral degree in economics from the University of Pennsylvania in 1978 and became a Trustee of the University in 2006.

At each of the Company's 2004, 2006, 2009 and 2012 annual general meetings, over 99.6% of the votes were in favour of Dr. Ch'ien's re-election as a member of the Board.

As at 8 April 2015 (the '**Latest Practicable Date**'), being the latest practicable date before the printing of this circular, Dr. Ch'ien owned 53,543 Shares. Save as disclosed above, Dr. Ch'ien was not interested in and did not hold any short positions in any Shares or underlying Shares in or any debentures of the Company or any of its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (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 of Hong Kong Limited (the '**Stock Exchange**') pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the '**Model Code**').

Dr. Ch'ien entered into a service contract with the Company in 2012 under which his current term of office as non-executive Chairman commenced from 1 January 2013 and will end on 31 December 2015. The emoluments of Dr. Ch'ien are set out in his service contract and determined by The Financial Secretary Incorporated ('**FSI**') on behalf of the Government of the HKSAR. Under his existing service contract, Dr. Ch'ien is entitled to a director fee of HK\$1,200,000 gross per annum.

Professor Chan Ka-keung, Ceajer, aged 58, is a NED and has been a member of the Board since July 2007 after his appointment as the Secretary for Financial Services and the Treasury of the Government of the HKSAR with effect from 1 July 2007. He is also a member of the Nominations Committee and the Remuneration Committee of the Company.

Professor Chan brings his valuable business and professional experience to the Board for promoting the best interests of the Company and the Shareholders. He sits on the boards of several public bodies including the Airport Authority Hong Kong, Mandatory Provident Fund Schemes Authority, The Hong Kong Mortgage Corporation Limited and West Kowloon Cultural District Authority, and is the Chairman of the Kowloon-Canton Railway Corporation, and an ex-official member of the Financial Services Development Council in his official capacity. Professor Chan is also, in his official capacity, a director of Hongkong International Theme Parks Limited. Before joining the Government of the HKSAR, he was Dean of Business and Management of The Hong Kong University of Science and Technology from 1 July 2002. Professor Chan received his Bachelor's degree in economics from Wesleyan University in the United States and both his M.B.A. and Ph.D. in finance from The University of Chicago.

At each of the Company's 2008 and 2012 annual general meetings, over 99% of the votes were in favour of Professor Chan's election/re-election as a member of the Board.

As at the Latest Practicable Date, Professor 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.

Professor Chan entered into a service contract with the Company in 2012, under which the current term of his office as a NED will last up to 3 May 2015. The Company intends to enter into a new service contract with Professor Chan, under which the term of his office as a NED will commence from 4 May 2015 and last up to the earlier of (i) the date on which he will retire again by rotation under the Articles and (ii) 3 May 2018 subject to the Shareholders' approval of his re-election at the AGM. The emoluments of Professor Chan are set out in his service contract and determined by the Board. Under his existing service contract, Professor Chan is entitled to a director fee of HK\$300,000 gross per annum which is received by the Government of the HKSAR rather than Professor Chan personally.

As at the Latest Practicable Date, Professor 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. Eddy Fong Ching, aged 68, is an INED and has been a member of the Board since 13 January 2015. He is also a member of the Audit Committee of the Company.

As announced by the Company on 12 March 2015, subject to his being elected as a member of the Board at the AGM, Dr. Fong will be appointed as the chairman of the Audit Committee of the Company effective from the conclusion of the AGM.

Dr. Fong has extensive experience in the accounting and financial sectors. Dr. Fong is currently the chairman of the Council of The Open University of Hong Kong and the Process Review Panel in relation to the Regulation of Mandatory Provident Fund Intermediaries, and an INED of Standard Chartered Bank (Hong Kong) Limited and Standard Chartered Bank (China) Limited. Dr. Fong was the non-executive chairman of the Securities and Futures Commission from 2006 to 2012. His past public duties included director of The Hong Kong Mortgage Corporation Limited, the Mandatory Provident Fund Schemes Authority, and the Exchange Fund Investment Limited, and member of The Hong Kong Housing Authority, the Greater Pearl River Delta Business Council and the council of The Hong Kong Academy for Performing Arts. Dr. Fong was also a senior audit partner with PricewaterhouseCoopers specialising in capital markets work in Hong Kong and the Mainland until his retirement in 2003.

Dr. Fong graduated from the University of Kent in the United Kingdom with a Bachelor degree in Social Science. He was awarded an Honorary Doctor of Civil Law by University of Kent in 1997. He has been a member of the Institute of Chartered Accountants in England and Wales since 1972 and a member of the Hong Kong Institute of Certified Public Accountants since 1973.

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Dr. Fong was appointed as a Justice of the Peace in 1996 and was awarded the Gold Bauhinia Star medal in 2008. He was awarded an Honorary Fellowship by The Hong Kong Academy for Performing Arts in 2011 and the Hong Kong Securities and Investment Institute in 2014.

As an INED with extensive experience in accounting, financial and regulatory fields and listed companies, Dr. Fong brings his valuable experience to the Board for promoting the best interests of the Company and the Shareholders. Alongside the other INEDs, Dr. Fong contributes to ensuring that the interests of all the Shareholders are taken into account and that relevant issues are subject to objective and dispassionate consideration by the Board. The Company has received written confirmation from Dr. Fong concerning his independence in accordance with the Listing Rules upon his appointment on 13 January 2015 and has not received any notification of change since then.

Accordingly, the Board has resolved that Dr. Fong continues to be independent and should be elected as a Director at the AGM. The appointment of Dr. Fong at the AGM will be in accordance with the relevant Corporate Governance Code as contained in Appendix 14 to the Listing Rules (the 'CG Code').

As at the Latest Practicable Date, Dr. Fong 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. Fong entered into a service contract with the Company on his appointment, 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 89 of the Articles, and will offer himself for election. If Dr. Fong is elected as a Director at the AGM, the Company intends to enter into a new service contract with Dr. Fong, 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) 19 May 2018. The emoluments of Dr. Fong are set out in his service contract and determined by the Board. Under his existing service contract, Dr. Fong is entitled to a director fee of HK\$300,000 gross per annum. If Dr. Fong is elected by the Shareholders at the AGM as a member of the Board, his director fee for being an INED and the chairman of the Audit Committee of the Company will be increased to HK\$420,000 gross per annum.

As at the Latest Practicable Date, Dr. Fong 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.

James Kwan Yuk-choi, aged 63, is an INED and has been a member of the Board since 14 October 2014. He is also a member of the Capital Works Committee and the Risk Committee of the Company.

Mr. Kwan is currently a non-executive director of Towngas China Company Limited. He was a senior adviser (until 31 January 2015), an executive director and the chief operating officer (until January 2013) of The Hong Kong and China Gas Company Limited and a director of Shenzhen Gas Corporation Limited (until September 2013). Mr. Kwan was the President of The Institution of Gas Engineers (currently known as The Institution of Gas Engineers and Managers) ('IGEM') in the United Kingdom in 2000/2001 and The Hong Kong Institution of Engineers ('HKIE') in 2004/2005. He was also a former member of the Construction Industry Council, the Transport Advisory Committee, the Vocational Training Council, and the Standing Committee on Disciplined Services Salaries and Conditions of Service of the Government of the HKSAR (until 31 December 2014). Mr. Kwan is a graduate of The University of Hong Kong and holds a Bachelor degree of Science in Engineering, and also a graduate of The Chinese University of Hong Kong and holds a Master degree in Business Administration. He was awarded an Honorary Fellowship by The Hong Kong University of Science and Technology in 2011 and is a Registered Professional Engineer (Gas), a Chartered Engineer, Honorary Fellow of the HKIE, Fellow of the Institution of Mechanical Engineers, Fellow of the IGEM, Fellow of the Energy Institute and Fellow of the Chartered Institution of Building Services Engineers of the United Kingdom.

As an INED with extensive experience in public utility listed companies and engineering, Mr. Kwan brings his valuable experience to the Board for promoting the best interests of the Company and the Shareholders. Alongside the other INEDs, Mr. Kwan contributes to ensuring that the interests of all the Shareholders are taken into account and that relevant issues are subject to objective and dispassionate consideration by the Board. The Company has received written confirmation from Mr. Kwan concerning his independence in accordance with the Listing Rules.

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

As at the Latest Practicable Date, Mr. Kwan 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. Kwan entered into a service contract with the Company on his appointment, 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 89 of the Articles, and will offer himself for election. If Mr. Kwan is elected as a Director at the AGM, the Company intends to enter into a new service contract with Mr. Kwan, 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) 19 May 2018. The emoluments of Mr. Kwan are set out in his service contract and determined by the Board. Under his existing service contract, Mr. Kwan is entitled to a director fee of HK\$300,000 gross per annum.

LETTER FROM THE CHAIRMAN

Lincoln Leong Kwok-kuen, aged 54, has been the Chief Executive Officer ('CEO') and a member of the Board since 16 March 2015. He is also chairman of the Executive Committee and a member of the Corporate Responsibility Committee of the Company.

Mr. Leong joined the Company in February 2002 as the Finance Director and has been a member of the Executive Directorate since then. He was re-titled as the Finance & Business Development Director in May 2008 and was appointed as the Deputy CEO in July 2012 and the Acting CEO in August 2014.

As the CEO, Mr. Leong is responsible for the Company's overall performance in and outside of Hong Kong.

Prior to joining the Company, he worked in the accountancy and investment banking industries in London, Vancouver and Hong Kong. Mr. Leong is chairman of the Quality Assurance Council (a semi-autonomous body under the University Grants Committee), vice-chairman of The Hong Kong Housing Society and a member of the Board of Governors of the Chinese International School. He was president of the Hong Kong Society for the Protection of Children (until December 2014) and is currently a member of the Executive Committee of The Community Chest of Hong Kong. Mr. Leong is an independent non-executive director of Hong Kong Aircraft Engineering Company Limited, a non-executive director of Mandarin Oriental International Limited and was formerly a non-executive director of Tai Ping Carpets International Limited from 1997 to May 2012. He is also a director of some of the members of the Company's group.

Mr. Leong obtained a Bachelor of Arts (subsequently a Master of Arts) from the University of Cambridge in 1982 and later qualified as a chartered accountant in England in 1985 and Canada in 1986.

As at the Latest Practicable Date, Mr. Leong had options to subscribe for 797,000 Shares and was interested in 386,000 Shares within the meaning of Part XV of the SFO. Save as disclosed above, he 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. Leong has entered into a service agreement with the Company for the position as CEO for three years which commenced on 16 March 2015 and, under the Articles, he is required to retire (and will be eligible for election) at the AGM. The amount of his emoluments (which excludes discretionary variable remuneration) specified in his service agreement is HK\$8,160,000 per annum. In addition, he will be entitled to discretionary variable remuneration related to performance and such other factors as the Company considers relevant. The emoluments of Mr. Leong are set out in his service contract and determined by the Board on recommendation from the Remuneration Committee of the Company, with reference to his responsibilities, experience and qualifications.

Lucia Li Li Ka-lai, aged 60, is an INED and has been a member of the Board since 14 October 2014. She is also a member of the Audit Committee and the Risk Committee of the Company.

Mrs. Li is a retired civil servant. She was Director of Accounting Services of the Government of the HKSAR from October 2003 to January 2009. Mrs. Li has been a member of the Public Service Commission since February 2012, a member of the Communications Authority since April 2012 and a member of a task force formed by the Commissioner for Innovation and Technology to follow up the Director of Audit's Report No. 61 with regard to the Small Entrepreneur Research Assistance Programme since 15 July 2014. She serves as a board member and treasurer of Chung Ying Theatre Company (HK) Limited. Mrs. Li is a Fellow member of the Hong Kong Institute of Certified Public Accountants. She holds a Master degree of Arts from The Chinese University of Hong Kong. Mrs. Li was awarded the Silver Bauhinia Star medal in 2009.

As an INED with extensive experience in the accounting and treasury profession as well as in public service, Mrs. Li brings her valuable experience to the Board for promoting the best interests of the Company and the Shareholders. Alongside the other INEDs, Mrs. Li contributes to ensuring that the interests of all the Shareholders are taken into account and that relevant issues are subject to objective and dispassionate consideration by the Board. The Company has received written confirmation from Mrs. Li concerning her independence in accordance with the Listing Rules.

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

As at the Latest Practicable Date, Mrs. Li was interested in 3,829 Shares within the meaning of Part XV of the SFO. Save as disclosed above, Mrs. Li 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. Li entered into a service contract with the Company on her appointment, 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 89 of the Articles, and will offer herself for election. If Mrs. Li is elected as a Director at the AGM, the Company intends to enter into a new service contract with Mrs. Li, 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) 19 May 2018. The emoluments of Mrs. Li are set out in her service contract and determined by the Board. Under her existing service contract, Mrs. Li is entitled to a director fee of HK\$300,000 gross per annum.

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As at the Latest Practicable Date, Mrs. Li 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.

Benjamin Tang Kwok-bun, aged 63, is an INED and has been a member of the Board since 14 October 2014. He is also a member of the Capital Works Committee and the Risk Committee of the Company.

Mr. Tang joined the Hong Kong Civil Service in 1974. From the late 1990s to early 2000s, he served as the Government Printer and the Commissioner of Insurance. Mr. Tang was appointed by the Central Government of the People's Republic of China as the Director of Audit of the HKSAR in December 2003. He retired from this post in July 2012 and was awarded the Gold Bauhinia Star medal by the Chief Executive of the HKSAR.

Mr. Tang was appointed a Commissioner of the Commission of Inquiry into the Collision of Vessels Near Lamma Island in 2012 and the Commission's report was presented to the Chief Executive in April 2013.

Mr. Tang's current public services include member of the Centennial College Council and The University of Hong Kong's Audit Committee. He is also a member of the Operations Review Committee of the Independent Commission Against Corruption and the Audit Committee of the Croucher Foundation.

He is an independent non-executive director of Principal Insurance Company (Hong Kong) Limited and BE Reinsurance Limited. Mr. Tang graduated from The University of Hong Kong in Economics and Sociology. He also studied at the University of Oxford, London Business School and Toronto International Leadership Centre for Financial Sector Supervision.

As an INED with extensive experience in audit and public service, Mr. Tang brings his valuable experience to the Board for promoting the best interests of the Company and the Shareholders. Alongside the other INEDs, Mr. Tang contributes to ensuring that the interests of all the Shareholders are taken into account and that relevant issues are subject to objective and dispassionate consideration by the Board. The Company has received written confirmation from Mr. Tang concerning his independence in accordance with the Listing Rules.

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

As at the Latest Practicable Date, Mr. Tang 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. Tang entered into a service contract with the Company on his appointment, 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 89 of the Articles, and will offer himself for election. If Mr. Tang is elected as a Director at the AGM, the Company intends to enter into a new service contract with Mr. Tang, 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) 19 May 2018. The emoluments of Mr. Tang are set out in his service contract and determined by the Board. Under his existing service contract, Mr. Tang is entitled to a director fee of HK\$300,000 gross per annum.

As at the Latest Practicable Date, Mr. Tang 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.

Save as disclosed above, none of the Directors For Re-election/Election 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 Directors For Re-election/Election, 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.

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 71 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 Buy-back Mandate and the Directors For Re-election/Election are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend Shareholders to vote in favour of the proposed resolutions. The FSI which is the Company's majority shareholder and which holds approximately 76 per cent. of all the voting Shares in issue, has informed the Company that it intends to vote in favour of all of the proposed resolutions.

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

APPENDIX - EXPLANATORY STATEMENT ON BUY-BACK MANDATE

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 '**Buy-back 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 20 May 2015. 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 buy-backs 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 buy-backs or by specific approval in relation to specific transactions.

Any buy-back 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 Buy-back Mandate will authorise the buy-back 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 8 April 2015 (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 5,834,931,047. On the basis of the 5,834,931,047 Shares in issue (and assuming no Shares will be issued or bought back after the Latest Practicable Date and up to the date of passing the Resolution), the Company would be authorised under the Buy-back Mandate to buy back a maximum of 583,493,104 Shares during the period in which the Buy-back Mandate remains in force. Any Shares bought-back pursuant to the Buy-back Mandate must be fully paid-up.

Reasons for Buy-backs

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 buy-backs 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 buy-backs 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 2014) in the event that the Buy-back Mandate is exercised in full. However, the Directors do not propose to exercise the Buy-back 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 close associates has any present intention, in the event that the Buy-back Mandate is approved by shareholders of the Company, to sell Shares to the Company.

No core connected person (as defined in the Listing Rules) has notified the Company that he/she 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 Buy-back 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 Buy-back Mandate in accordance with the Listing Rules and the applicable laws of Hong Kong.

APPENDIX - EXPLANATORY STATEMENT ON BUY-BACK MANDATE

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\$)
2014		
April	29.95	28.60
May	29.50	28.30
June	29.90	28.80
July	30.95	29.25
August	32.30	30.05
September	32.05	30.10
October	31.75	29.95
November	32.10	30.50
December	32.30	30.50
2015		
January	34.70	31.10
February	36.85	33.65
March	36.95	34.00
April*	38.55	36.70

* 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 Buy-back Mandate would have under the Hong Kong Code on Takeovers and Mergers.

NOTICE OF ANNUAL GENERAL MEETING



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 Wednesday, 20 May 2015 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 2014.
- (2) To declare a final dividend for the year ended 31 December 2014.
- (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 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 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 (Cap. 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

NOTICE OF ANNUAL GENERAL MEETING

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 (Cap. 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:**

(A) conditional on the passing of Resolutions 5 and 6, the extension of the general mandate granted to the Board of Directors to exercise during the Relevant Period 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 pursuant to Resolution 5 by the addition thereto of a number of Shares representing the aggregate number of Shares purchased by the Company subsequent to the passing of 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 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 (Cap. 622 of the Laws of Hong Kong) after the passing of Resolution 5) be and is hereby APPROVED AND AUTHORISED; and

(B) for the purpose of this Resolution 7, each of 'Relevant Period' and 'Shares' has the meaning ascribed to it in Resolution 5.'

By Order of the Board
Gillian Elizabeth Meller
Company Secretary

Hong Kong, 16 April 2015

Members of the Board: Dr. Raymond Ch'ien Kuo-fung (*Chairman*)**, Lincoln Leong Kwok-kuen (*Chief Executive Officer*), Pamela Chan Wong Shui*, Dr. Dorothy Chan Yuen Tak-fai*, Vincent Cheng Hoi-chuen*, Christine Fang Meng-sang*, Dr. Eddy Fong Ching*, Edward Ho Sing-tin*, James Kwan Yuk-choi*, Lucia Li Li Ka-lai*, Professor Frederick Ma Si-hang*, Alasdair George Morrison*, Ng Leung-sing*, Abraham Shek Lai-him*, T. Brian Stevenson*, Benjamin Tang Kwok-bun*, Professor Chan Ka-keung, Ceajer (Secretary for Financial Services and the Treasury)**, Secretary for Transport and Housing (Professor Anthony Cheung Bing-leung)**, Permanent Secretary for Development (Works) (Hon Chi-keung)** and Commissioner for Transport (Ingrid Yeung Ho Poi-yan)**

Members of the Executive Directorate: Lincoln Leong Kwok-kuen, Morris Cheung Siu-wa, Jacob Kam Chak-pui, Stephen Law Cheuk-kin, Gillian Elizabeth Meller, David Tang Chi-fai, Philco Wong Nai-keung and Jeny Yeung Mei-chun

* independent non-executive Director

** non-executive Director

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

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint 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 2014 (the '**Final Dividend**') of HK\$0.80 per share and, if such dividend is declared by the shareholders by passing Resolution 2, it is currently expected to be paid on 17 July 2015, to those shareholders whose names appeared on the Company's register of members on 1 June 2015. In addition, the Company plans to send a circular on or about 9 June 2015 to shareholders whose names appeared on the register of members on 1 June 2015, 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 1 June 2015 (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, 27 May 2015 to Monday, 1 June 2015 (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, 26 May 2015.
5. In relation to Resolution 3, seven directors will offer themselves for re-election/election. Dr. Raymond Ch'ien Kuo-fung and Professor Chan Ka-keung, Ceajer will retire from office by rotation at the meeting pursuant to Articles 91 and 92(a) of the Articles of Association of the Company ('**Articles**'), and will offer themselves for re-election. Dr. Eddy Fong Ching, Mr. James Kwan Yuk-choi, Mr. Lincoln Leong Kwok-kuen, Mrs. Lucia Li Li Ka-lai and Mr. Benjamin Tang Kwok-bun, who were appointed after the annual general meeting on 8 May 2014, will retire from office at the meeting pursuant to Article 89 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 the Appendix 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 bought back by the Company, as more particularly described in Resolutions 5, 6 and 7. The members of the Board of Directors wish to state, however, that they have no immediate plans to issue any new shares of the Company, other than pursuant to the Rules of the Company's 2007 Share Option Scheme.
8. 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.
9. The registration for attending the 2015 Annual General Meeting will start at 10:30 a.m. on 20 May 2015.