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THIS NOTICE IS IMPORTANT AND REQUIRES THE IMMEDIATE ATTENTION OF NOTEHOLDERS. IF NOTEHOLDERS ARE IN ANY DOUBT AS TO THE ACTION THEY SHOULD TAKE, THEY SHOULD CONSULT THEIR OWN INDEPENDENT PROFESSIONAL ADVISERS, INCLUDING IN RESPECT OF ANY TAX CONSEQUENCES.



Kowloon-Canton Railway Corporation

(a statutory corporation incorporated in Hong Kong)

(KCRC)

NOTICE OF A MEETING

of the holders of those of KCRC's outstanding

U.S.\$1,000,000,000 7.25 per cent. Notes due 2009
(ISIN: XS0100004919; Common Code 010000491 and Stock Codes: 2539 and 2540)
(the Notes)

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of Schedule 5 to the Agency Agreement dated June 14, 1999 (as supplemented or amended) (the **Agency Agreement**) made between, among others, KCRC, Deutsche Bank AG, London Branch (the **Fiscal Agent**) and Deutsche Bank Luxembourg S.A. (together with the Fiscal Agent and Deutsche Bank AG, Hong Kong Branch, the **Paying Agents**), a meeting (the **Meeting**) of the holders of the Notes (the **Noteholders**) has been convened by KCRC and will be held at 9 Lok King Street, Fo Tan, Sha Tin, New Territories, Hong Kong on October 16, 2007 at 9.00 a.m. (Hong Kong time) for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as an extraordinary resolution (**Extraordinary Resolution**) in accordance with the provisions of the Agency Agreement. Unless the context otherwise requires, capitalised terms used in this notice shall have the meanings given in the Agency Agreement, the terms and conditions of the Notes or the Consent Solicitation Memorandum (as defined below), as the case may be.

EXTRAORDINARY RESOLUTION

“THAT this Meeting of the holders of the U.S.\$1,000,000,000 7.25 per cent. Notes due 2009 (the **Notes**) of Kowloon-Canton Railway Corporation (**KCRC**) presently outstanding and issued with the benefit of the Agency Agreement dated June 14, 1999 (as supplemented or amended) (the **Agency Agreement**) made between KCRC, Deutsche Bank AG, London Branch (the **Fiscal Agent**) as fiscal agent and the other agents named therein hereby:

1. agrees to the modification of the Terms and Conditions of the Notes (the **Conditions**) contained in Schedule 2 to the Agency Agreement by:
 - (i) the addition of the words “or pursuant to, in connection with, or as part of the Service Concession Arrangement” following the words “as is mentioned in (iv) above” in Condition 11(v); and
 - (ii) the addition of the following immediately after the definition of “Borrowed Money” in Condition 11:

“The “Service Concession Arrangement” means the granting by KCRC of a service concession to MTR Corporation Limited (“MTRC”) to operate KCRC's rail and bus operations, the sale of

certain rail-related assets, certain subsidiaries of KCRC and certain property-related rights and interests of KCRC to MTRC and any and all related arrangements or actions, carried out pursuant to, in connection with and/or as contemplated by (i) the Rail Merger Ordinance (Ordinance No. 11 of 2007) of Hong Kong, as amended from time to time; (ii) the subsidiary legislation in respect of the Rail Merger Ordinance (Ordinance No. 11 of 2007) of Hong Kong, as amended from time to time; (iii) the Merger Framework Agreement by and among MTRC, KCRC and the Secretary for Transport and Housing and the Secretary for Financial Services and the Treasury for and on behalf of the Government of Hong Kong, dated August 9, 2007, as amended, supplemented or replaced from time to time; and/or (iv) the related transaction agreements entered into on August 9, 2007 (together with those transaction agreements which are required to be executed thereafter), as amended, supplemented or replaced from time to time.”;

2. agrees and acknowledges that KCRC shall not be, and shall be deemed not to be, in breach of any provision of the Conditions arising out of, or in connection with, any and all actions and arrangements taken or to be taken by KCRC in relation to, or in connection with, the Rail Merger;
3. sanctions every abrogation, modification, compromise or arrangement in respect of the rights of the Noteholders appertaining to the Notes against KCRC involved in or resulting from or to be effected by, the matters referred to in paragraphs (1) and (2) of this Extraordinary Resolution and their implementation;
4. authorises, directs, requests and empowers the Fiscal Agent to concur in the modifications referred to in paragraphs (1) and (2) of this Extraordinary Resolution and, in order to give effect thereto and to implement the same, forthwith to execute a Supplemental Agency Agreement in the form of the draft produced to this Meeting and for the purpose of identification signed by the Chairman thereof with such amendments (if any) thereto as the Fiscal Agent shall require and to concur in, and to execute and do, all such other deeds, instruments, acts and things as may be necessary or appropriate to carry out and give effect to this Extraordinary Resolution and the implementation of the matters referred to in paragraphs (1) and (2) of this Extraordinary Resolution; and
5. discharges and exonerates the Fiscal Agent from all liability for which it may have become or may become responsible under the Agency Agreement or the Notes in respect of any act or omission in connection with the Rail Merger and this Extraordinary Resolution.

The term **Rail Merger**, as used in this Extraordinary Resolution, shall mean the granting by KCRC of a service concession to MTR Corporation Limited (**MTRC**) to operate KCRC’s rail and bus operations, the sale of certain rail-related assets, certain subsidiaries of KCRC and certain property-related rights and interests of KCRC to MTRC and any and all related arrangements or actions, carried out pursuant to, in connection with and/or as contemplated by (i) the Rail Merger Ordinance (Ordinance No. 11 of 2007) of Hong Kong, as amended from time to time; (ii) the subsidiary legislation in respect of the Rail Merger Ordinance (Ordinance No. 11 of 2007) of Hong Kong, as amended from time to time; (iii) the Merger Framework Agreement by and among MTRC, KCRC and the Secretary for Transport and Housing and the Secretary for Financial Services and the Treasury for and on behalf of the Government of Hong Kong, dated August 9, 2007, as amended, supplemented or replaced from time to time; and/or (iv) the related transaction agreements entered into on August 9, 2007 (together with those transaction agreements which are required to be executed thereafter), as amended, supplemented or replaced from time to time.”

Background

The Consent Solicitation Memorandum dated September 10, 2007 issued by KCRC in connection with the Meeting (the **Consent Solicitation Memorandum**), a copy of which is obtainable, upon request, free of charge from the specified office of the Fiscal Agent, The Hongkong and Shanghai Banking Corporation Limited (the **Solicitation Agent**) and/or Lucid Issuer Services (the **Information and Tabulation Agent**) set out below, explains the background to and reasons for, gives full details of, and invites Noteholders to approve, at the Meeting, the Extraordinary Resolution, all as more fully described in the Consent Solicitation Memorandum.

Noteholders are urged to read the Consent Solicitation Memorandum.

Consent Fee

Provided that the Extraordinary Resolution is passed, each Noteholder entitled to vote at the Meeting and who validly gives a Block Voting Instruction (as defined below) in favour of the Extraordinary Resolution prior to 5.00 p.m. (Hong Kong time) on September 28, 2007 and does not revoke such Block Voting Instruction prior to 5.00 p.m. (Hong Kong time) on October 11, 2007 or, in the case of an adjourned meeting, the time and date specified in the notice of such adjourned meeting, which is expected to be 5.00 p.m. (Hong Kong time) on November 9, 2007 (the **Final Voting Deadline**) will be eligible to receive a one time fee in an amount equal to U.S.\$25 per U.S.\$10,000 principal amount of Notes held by such Noteholder (the **Early Consent Fee**).

Provided that the Extraordinary Resolution is passed, each Noteholder entitled to vote at the Meeting and who either (i) validly gives and does not revoke a Block Voting Instruction in favour of the Extraordinary Resolution after 5.00 p.m. (Hong Kong time) on September 28, 2007 but prior to the Final Voting Deadline, or (ii) obtains a valid voting certificate and attends the Meeting (either in person or by representatives on its behalf) and votes in favour of the Extraordinary Resolution, will be eligible to receive a one time fee in an amount equal to U.S.\$15 per U.S.\$10,000 principal amount of Notes held by such Noteholder (the **Ordinary Consent Fee**, and together with the Early Consent Fee, the **Consent Fee**).

The Consent Fee will be paid to each such consenting Noteholder promptly following the date on which the Extraordinary Resolution is passed.

Termination of Consent Solicitation

The Consent Solicitation may be terminated by KCRC, in its sole discretion, at any time prior to the passing of the Extraordinary Resolution. If the Consent Solicitation is terminated prior to the Extraordinary Resolution being passed, KCRC will not be obligated to pay any Consent Fee to any Noteholders.

Documents Available for Inspection and/or Collection

Interested people may, at any time during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) before and including the date of the Meeting, collect a copy of:

- (a) the Agency Agreement;
- (b) the form of the Supplemental Agency Agreement (as defined in the Consent Solicitation Memorandum);
- (c) the Offering Circular dated June 14, 1999;
- (d) the Pricing Supplement dated July 21, 1999 in respect of the Notes;
- (e) KCRC's Annual Report on Form 20-F for the year ended December 31, 2006 dated May 31, 2007;
- (f) KCRC's periodic submission on Form 6-K dated August 10, 2006 containing financial information for the six months ended June 30, 2006;
- (g) KCRC's periodic submission on Form 6-K dated September 4, 2007 containing financial information for the six months ended June 30, 2007; and
- (h) all reports filed by KCRC pursuant to Section 13(a), 13(c) or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the **Exchange Act**) after the date of this Notice and prior to the date of the Meeting or any adjourned Meeting,

at the specified offices of the Paying Agents set out below.

KCRC is subject to the information requirements of the Exchange Act, pursuant to which KCRC files annual and current reports and other information, including those reports and periodic submissions referred to in paragraphs (e) to (h) above, with the United States Securities and Exchange Commission (the **SEC**). Noteholders can read and copy any materials KCRC files with the SEC at the SEC's public reference room

at 450 Fifth Street, N.W., Washington, D.C. 20549. Noteholders can also obtain additional information about the operation of the SEC's public reference room by calling the SEC at 1-800-SEC-0330. The SEC also maintains a website at <http://www.sec.gov> that contains reports and other information regarding registrants that file electronically with the SEC.

Copies of the Consent Solicitation Memorandum are also available upon request, free of charge from the Solicitation Agent and the Information and Tabulation Agent. Copies of the voting certificates or voting instruction forms (referred to below) are available for collection at the specified offices of the Paying Agents and the Information and Tabulation Agent.

General

Noteholders wishing to attend and vote at the Meeting in person should register their attendance between 8.15 a.m. and 8.45 a.m. on the date, and at the venue, of the Meeting.

Noteholders who are unsure of the consequences of the Extraordinary Resolution are recommended to seek their own financial and legal advice, including in respect of any tax consequences.

The attention of Noteholders is particularly drawn to the quorum required for the Meeting and for any adjourned Meeting which is set out in "Voting and Quorum" below.

The Solicitation Agent expresses no view as to the merits of the Extraordinary Resolution. The Solicitation Agent has not been involved in preparing the Extraordinary Resolution and makes no representation that all relevant information has been disclosed to the Noteholders in or pursuant to the Consent Solicitation Memorandum and this Notice. Accordingly, the Solicitation Agent recommends that Noteholders who are unsure of the impact of the Extraordinary Resolution should seek their own financial and legal advice.

VOTING AND QUORUM

The relevant provisions governing the convening and holding of the Meeting are set out in Schedule 5 to the Agency Agreement, a copy of which is available for inspection as referred to above.

IMPORTANT: *The Notes are currently represented by a Permanent Global Note, which is held by a common depositary for Euroclear Bank, S.A./N.V. (**Euroclear**) and/or Clearstream Banking, société anonyme (**Clearstream, Luxembourg**, together with Euroclear, the **Clearing Systems** and each a **Clearing System**). Only persons shown in the records of a Clearing System as a holder of the Notes (**Direct Participants** and each a **Direct Participant**) may deliver Electronic Voting Instructions (as defined below) in accordance with the procedures described below. Each person (a **beneficial owner**) who is the beneficial owner of Notes held, directly or indirectly, in an account in the name of a Direct Participant acting on such beneficial owner's behalf will not be a Noteholder for the purposes of this notice. Accordingly, beneficial owners should arrange for the Direct Participant through which they hold their Notes to make arrangements on their behalf for the delivery of an Electronic Voting Instruction to the relevant Clearing System.*

1. **Voting Certificate Request:** A Noteholder wishing to attend and vote at the Meeting in person must make a request for a voting certificate(s) (a **Voting Certificate Request**) and produce at such Meeting a valid voting certificate(s) issued by a Paying Agent relating to the Note(s) in respect of which it wishes to vote.
2. **Block Voting Instruction:** A Noteholder not wishing to attend and vote at the Meeting in person may give a voting instruction (a **Block Voting Instruction**) instructing a Paying Agent to appoint a proxy to attend and vote at such Meeting in accordance with its instructions.
3. Voting Certificate Requests or Block Voting Instructions may be made or given only by or through the Direct Participants. In order to make a Voting Certificate Request or give a Block Voting Instruction to a Paying Agent in respect of a Meeting (or any adjourned such Meeting, as the case may be), a Direct Participant must procure delivery of an electronic voting instruction (an **Electronic Voting Instruction**), in accordance with the procedures of the relevant Clearing System, to a Paying Agent.

4. A Noteholder must request the relevant Clearing System to block the Notes in his own account and to hold the same to the order or under the control of a Paying Agent not later than the Final Voting Deadline in order to make a Voting Certificate Request or give a Block Voting Instruction in respect of the Meeting. Notes so blocked will not be released until the earlier of:
- (a) the conclusion of the Meeting (or, if applicable, any adjournment of such Meeting); and
 - (b)
 - (i) in respect of a voting certificate(s), the surrender of such voting certificate(s) to the Paying Agent who issued the same and notification by the relevant Paying Agent to the relevant Clearing System of such surrender or the compliance in such other manner with the rules of the relevant Clearing System; or
 - (ii) in respect of a Block Voting Instruction, not later than the Final Voting Deadline, the notification in writing of any revocation of a Noteholder's previous Block Voting Instruction to the relevant Paying Agent and the same then being notified in writing by such Paying Agent to KCRC at least 24 hours before the time appointed for holding the Meeting and such Notes ceasing in accordance with the procedures of the relevant Clearing System and with the agreement of such Paying Agent to be held to its order or under its control.

For the avoidance of doubt, any Electronic Voting Instruction may not be revoked or amended during the period starting from the Final Voting Deadline and ending at the close of such Meeting (or adjourned Meeting).

Quorum and Adjournment

The quorum required at the Meeting is one or more persons present holding voting certificates or being proxies or representatives and representing in the aggregate not less than a clear majority in nominal amount of the Notes for the time being outstanding. If within fifteen minutes after the time appointed for any such meeting a quorum is not present, the meeting shall stand adjourned for such period being not less than 14 days nor more than 42 days, and at such place as may be appointed by the Chairman and approved by the Fiscal Agent. The quorum at such an adjourned Meeting will be one or more persons present holding voting certificates or being proxies or representatives (whatever the nominal amount of the Notes so represented by them).

Electronic Voting Instructions given in respect of the Meeting (unless revoked not less than 48 hours before the time appointed for any adjourned such Meeting) shall remain valid for such adjourned Meeting.

Voting

Every question submitted to the Meeting will be decided in the first instance by a show of hands and in case of equality of votes, the Chairman shall both, on a show of hands and on a poll, have a casting vote in addition to the votes or votes (if any) to which he may be entitled as a holder of a voting certificate or as a proxy or as a representative.

Unless a poll is (before or on the declaration of the result of the show of hands) demanded by the Chairman or KCRC or by one or more persons present holding voting certificates or being proxies or representatives (whatever the nominal amount of Notes so held by them), a declaration by the Chairman that a resolution has been carried or carried by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

On a show of hands, every person who is present in person and produces a voting certificate or is a proxy or representative shall have one vote. On a poll, every person who is so present shall have one vote in respect of each U.S.\$10,000 in nominal amount of the Notes represented by the voting certificate so produced or in respect of which he is a proxy or representative.

Extraordinary Resolution

To be passed, the Extraordinary Resolution requires a majority in favour consisting of not less than 75 per cent. of the persons voting at the Meeting upon a show of hands or if a poll is duly demanded, a majority in favour consisting of not less than 75 per cent. of the votes given on such poll. If passed, the Extraordinary Resolution will be binding upon all the Noteholders, whether or not present at such Meeting and whether or not voting.

Notice of Results

Notice of the result of the voting on the Extraordinary Resolution shall be given to the Noteholders and the Paying Agents by KCRC within 14 days of such result being known.

Governing Law

This notice is governed by, and shall be construed in accordance with, English Law.

Clearing Systems

Noteholders of Notes held by Euroclear or Clearstream, Luxembourg should contact the relevant corporate action departments.

**SPECIFIED OFFICES OF KCRC, INFORMATION AND TABULATION AGENT,
PAYING AGENTS AND SOLICITATION AGENT**

KCRC

Kowloon-Canton Railway Corporation
9 Lok King Street
Fo Tan
Sha Tin
New Territories
Hong Kong

Solicitation Agent

The Hongkong and Shanghai Banking Corporation Limited
Level 17, HSBC Main Building
1 Queen's Road Central
Hong Kong

Fiscal Agent

Deutsche Bank AG London
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

Paying Agents

Deutsche Bank AG London
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

Deutsche Bank Luxembourg S.A.
2, Boulevard Konrad Adenauer
L-1115 Luxembourg

Deutsche Bank AG, Hong Kong Branch
55th Floor, Cheung Kong Center
2 Queen's Road Central
Hong Kong

Information and Tabulation Agent

Lucid Issuer Services
Wellington Plaza
10th Floor
56-58 Wellington Street
Hong Kong

This notice is given by:

Kowloon-Canton Railway Corporation

September 10, 2007