

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

HK\$700,000,000 4.80 per cent. Notes due 2013

(ISIN Number: HK0000017639 and CMU Instrument Number: DBANFN03008)

(the Notes)

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of Schedule 5 to the Trust Deed dated May 16, 2003 (the **Trust Deed**) made between KCRC and DB Trustees (Hong Kong) Limited (the **Trustee**), 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 2.00 p.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 Trust Deed. Unless the context otherwise requires, capitalised terms used in this notice shall have the meanings given in the Trust Deed, 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 HK\$700,000,000 4.80 per cent. Notes due 2013 (the **Notes**) of Kowloon-Canton Railway Corporation (**KCRC**) presently outstanding and constituted by the Trust Deed dated May 16, 2003 (the **Trust Deed**) made between KCRC and DB Trustees (Hong Kong) Limited (the **Trustee**) hereby:

- agrees to the modification of the Terms and Conditions of the Notes (the **Conditions**) contained in Schedule 1 to the Agency Agreement by:
 - 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 (d) above" in Condition 7(e); and
 - the addition of the following immediately after the definition of "Borrowed Money" in Condition 7:

"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.";
- 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;
- 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;
- authorises, directs, requests and empowers the Trustee 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 Trust Deed 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 Trustee 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
- discharges and exonerates the Trustee from all liability for which it may have become or may become responsible under the Trust Deed 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 Trustee, Deutsche Bank AG, Hong Kong Branch (the **Principal Paying 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 either (i) validly gives and does not revoke a Block Voting Instruction in favour of the Extraordinary Resolution but 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**), or (ii) obtains a valid voting certificate and attends the Meeting (either in person or by representative 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 HK\$125 per HK\$50,000 principal amount of Notes held by such Noteholder (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 other public holidays excepted) before and including the date of the Meeting, collect a copy of:

- the Trust Deed;
- the form of the Supplemental Trust Deed (as defined in the Consent Solicitation Memorandum);

- the Offering Circular dated May 20, 2003, and
- the Pricing Supplement dated July 21, 1999 in respect of the Notes;
- KCRC's Annual Report on Form 20-F for the year ended December 31, 2006 dated May 31, 2007;
- KCRC's periodic submission on Form 6-K dated August 10, 2006 containing financial information for the six months ended June 30, 2006;
- KCRC's periodic submission on Form 6-K dated September 4, 2007 containing financial information for the six months ended June 30, 2007; and
- 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 Principal Paying Agent 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 office of the Principal Paying Agent and the Information and Tabulation Agent.

General

Noteholders wishing to attend and vote at the Meeting in person should register their attendance between 12.45 p.m. and 1.45 p.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 Trust Deed, 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 sub-custodian for the Central Monetary Unit of the Hong Kong Monetary Authority (the CMU). Only persons shown in the records of the CMU as a holder of the Notes (a CMU Participant) may deliver Block Voting Instructions or be issued with a voting certificate or otherwise give voting instructions 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 CMU 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 CMU Participant through which they hold their Notes to make arrangements on their behalf for the delivery of a Block Voting Instruction to the Information and Tabulation Agent for receipt by the Principal Paying Agent or the issue of a voting certificate or to otherwise give voting instructions.*

- Each CMU Participant who wishes to vote must:
 - open a special voting account (the **Voting Account**) with the CMU to facilitate the voting process. The Voting Account number will be the CMU Participant's account number plus the digit "789" (i.e. xxxx789);
 - upon completion of step (a) above, transfer the Notes held by such CMU Participant into the Voting Account, request the CMU to block the Notes and obtain from the CMU a reference number made up of fourteen characters (the **Blocking Reference Number**), which is for validation of voting instructions in respect of the Notes;
 - once the Blocking Reference Number has been obtained, either:
 - instruct the Principal Paying Agent to appoint a proxy to vote on its behalf at the Meeting (the **Block Voting Instruction**) by delivering a voting instruction form (the **Voting Instruction Form**) to the Information and Tabulation Agent (as agent of the Principal Paying Agent). This will require the CMU Participant to:
 - complete a Voting Instruction Form;
 - include the Blocking Reference Number; and
 - deliver the completed Voting Instruction Form to the Information and Tabulation Agent (as agent of the Principal Paying Agent) by fax, email or hand delivery; or
 - request for a voting certificate (the **Voting Certificate Request**) to allow an individual to attend and vote in person at the Meeting. This will require the CMU Participant to:
 - complete a Voting Instruction Form;
 - include the Block Reference Number;
 - provide the Information and Tabulation Agent (as agent of the Principal Paying Agent) with relevant identification details (name, Hong Kong ID number or passport details) of the attendee; and
 - deliver the completed Voting Instruction Form to the Information and Tabulation Agent (as agent of the Principal Paying Agent) by fax, email or hand delivery,

before the Final Voting Deadline.

A CMU Participant who has made a Voting Certificate Request to attend and vote at the Meeting and any adjourned such Meeting in person must produce relevant identification details. Only those with identification (Hong Kong ID or passport) that matches the identification information set out in the relevant Voting Instruction Form will receive a voting certificate from the Information and Tabulation Agent (as agent of the Principal Paying Agent) and will be entitled to attend and vote at the Meeting.

By delivering a Voting Instruction Form to the Information and Tabulation Agent (as agent of the Principal Paying Agent), Noteholders are deemed to authorize the Information and Tabulation Agent to disclose their identity, holdings and CMU account details to the Principal Paying Agent for disclosure to KCRC and the Solicitation Agent.

By opening a Voting Account with the CMU and transferring the Notes to such Voting Account, the Notes so transferred shall then be blocked until the conclusion of the Meeting (including any adjourned Meeting).

Noteholders who deliver a Voting Instruction Form to the Information and Tabulation Agent (as agent of the Principal Paying Agent) before the Final Voting Deadline need take no further action in relation to voting on the Extraordinary Resolution at the Meeting.

- A Noteholder must open a Voting Account with the CMU, transfer the Notes into the Voting Account and request the CMU to block the Notes and to hold the same to the order or under the control of the Principal Paying Agent not later than 2.30 p.m. (Hong Kong time) on October 10, 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 2.30 p.m. (Hong Kong time) on November 8, 2007 (the **Blocking Deadline**) in order to obtain voting certificates or give voting instructions on a voting instruction form in respect of the Meeting. Notes so blocked will not be released until the earlier of:

- the conclusion of the Meeting (or, if applicable, any adjournment of such Meeting); and
- (i) either:
 - if the Noteholder previously gave a Block Voting Instruction to the Information and Tabulation Agent (as agent of the Principal Paying Agent), not later than the Final Voting Deadline, the submission of instructions to the Information and Tabulation Agent (as agent of the Principal Paying Agent) quoting the Blocking Reference Number to amend or withdraw their vote and the same then being notified in writing by the Principal Paying Agent to KCRC at least 24 hours before the time appointed for holding the Meeting (or, if applicable, any adjourned such Meeting); or
 - if the Noteholder previously made a Voting Certificate Request, received a voting certificate at the Meeting and such Meeting was adjourned, the surrender of the voting certificate to the Information and Tabulation Agent (as agent of the Principal Paying Agent); and
- (ii) the delivery of instructions to the CMU to transfer the Notes out of the Voting Account by completing a form customarily used by the CMU.

For the avoidance of doubt, any voting instructions given by way of a voting instruction form 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 two or more persons present holding voting certificates or being proxies or representatives and representing in the aggregate not less than 75 per cent. 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 28 days nor more than 42 days, and at such place as may be appointed by the Chairman. The quorum at such an adjourned Meeting will be two or more persons present holding voting certificates or being proxies or representatives and representing in the aggregate not less than 25 per cent. in nominal amount of the Notes for the time being outstanding.

Voting certificates issued and electronic or other 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 of 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 HK\$50,000 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 Principal Paying Agent by KCRC within 14 days of such result being known.

Governing Law

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

SPECIFIED OFFICES OF THE COMPANY, INFORMATION AND TABULATION AGENT, TRUSTEE, PRINCIPAL PAYING AGENT AND SOLICITATION AGENT

KCRC	Solicitation Agent	Trustee
Kowloon-Canton Railway Corporation 9 Lok King Street Fo Tan Sha Tin New Territories Hong Kong	The Hongkong and Shanghai Banking Corporation Limited Level 17, HSBC Main Building 1 Queen's Road Central Hong Kong	DB Trustees (Hong Kong) Limited 55th Floor, Cheung Kong Center 2 Queen's Road Central Hong Kong
Principal Paying Agent		Information and Tabulation Agent
Deutsche Bank AG, Hong Kong Branch 55th Floor, Cheung Kong Center 2 Queen's Road Central Hong Kong		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