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**MTR CORPORATION LIMITED**

**香港鐵路有限公司**

(the "Company")

*(Incorporated in Hong Kong with limited liability)*

(Stock code: 66)

**VOLUNTARY ANNOUNCEMENT  
ADOPTION OF 2014 SHARE INCENTIVE SCHEME**

The Company announces that the Board has approved the adoption of the 2014 Share Incentive Scheme, following the expiry of the 2007 Share Option Scheme in June 2014. The Scheme took effect on 1 January 2015. Pursuant to the Scheme Rules, the Company may, from time to time, at its absolute discretion, select any Eligible Employee to participate in the Scheme as an Award Holder, and such Award Holder may be granted an Award of Restricted Shares and/or Performance Shares.

This announcement is made on a voluntary basis. The Scheme does not constitute a share option scheme within the meaning of Chapter 17 of the Listing Rules. No shareholders' approval is required to adopt the Scheme.

**THE 2014 SHARE INCENTIVE SCHEME**

The Board approved the adoption of the Scheme on 15 August 2014, following the expiry of the 2007 Share Option Scheme in June 2014. The Scheme Rules and the appointment of the Trustee were approved by the Company's Remuneration Committee on 6 October 2014. The Scheme took effect on 1 January 2015 and details of the Scheme are set out below.

Purposes

The purposes of the Scheme are to retain management and key employees, to align participants' interest with the long-term success of the Company and to drive the achievement of strategic objectives of the Company.

### Duration

The Scheme took effect on 1 January 2015 for a term of 10 years (unless terminated earlier by the Company).

### Administration

The Scheme will be administered by the Company in accordance with the Scheme Rules. The Remuneration Committee will maintain an oversight of the operations of the Scheme. The Management shall assist the Remuneration Committee in the administration and operation of the Scheme and make proposals to the Remuneration Committee in relation to the operations of the Scheme. The Company has entered into the Trust deed with the Trustee for the purpose of implementing the Scheme.

### Operation

#### *Awards*

The Remuneration Committee may, from time to time, at its absolute discretion, determine the criteria for any Eligible Employee to participate in the Scheme as Award Holders in accordance with the Scheme Rules. An Award Holder may be granted an Award of Restricted Shares and/or Performance Shares.

Restricted Shares are awarded on the basis of the individual performance of the relevant Eligible Employee. Performance Shares are awarded which vest subject to the performance of the Company, assessed by reference to such Board-approved performance metric and in respect of such performance period, and any other performance conditions, as determined by the Remuneration Committee from time to time.

Subject to the Scheme Rules, the Company shall pay to the Trustee monies and may give directions or a recommendation to the Trustee to apply such monies and/or such other net amount of cash derived from Shares held as part of the funds of the Trust to acquire Shares or otherwise to apply any Residual Shares held in the Trust to satisfy any Award made or any expected or potential Award to be made under the Scheme. Award Shares are held on trust by the Trustee.

No Award shall be made to Award Holders and no payment shall be made to the Trustee and no directions or recommendation to acquire Shares shall be given to the Trustee under the Scheme where any director is in possession of inside information in relation to the Company or where dealings by directors are prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time.

### *Vesting*

Subject to the Scheme Rules, the Remuneration Committee shall determine from time to time the vesting criteria and conditions or periods for the Award Shares to be vested. An award of Restricted Shares will vest ratably over three years in equal tranches (unless otherwise determined by the Remuneration Committee). An award of Performance Shares will vest upon certification by the Remuneration Committee that the relevant performance metric and performance condition have been achieved. Upon vesting of the Award Shares, the Company shall direct the Trustee to release the Award Shares to the relevant Award Holder by transferring the number of Award Shares to that Award Holder.

### *Voting rights of Shares held in the Trust*

The Trustee shall not exercise the voting rights in respect of any Shares held in the Trust and no Award Holder is entitled to instruct the Trustee to exercise the voting rights in respect of any unvested Award Shares.

### *Scheme Limits*

The maximum number of Award Shares that may at any time be the subject of an outstanding Award under the Scheme shall not exceed 2.5 per cent. of the issued share capital of the Company when the Scheme becomes effective. The maximum number of Award Shares granted to a single Eligible Employee in the 12-month period up to the relevant Award Date shall not exceed 0.03 per cent. of the issued share capital of the Company on the relevant Award Date.

### *Dividend*

An Award Holder shall have no right to any dividend held under the Trust. Income from Shares held in the Trust shall be applied by the Trustee in accordance with the Scheme Rules.

### *Transferability*

An Award shall be personal to the Award Holder and shall not be assignable. No Award Holder shall in any way sell, transfer, charge, mortgage, encumber or otherwise create any interest in favour of any third party over or in relation to any Award or the relevant Award Shares.

### Implications under the Listing Rules

The Scheme does not constitute a share option scheme within the meaning of Chapter 17 of the Listing Rules. Therefore, no shareholders' approval is required to adopt the Scheme.

## **Definitions**

“Award”	an award to an Eligible Employee of a Restricted Share or an award of a Performance Share.
“Award Holder”	the grantee for the time being of an Award.
“Award Shares”	in respect of any Award, the Shares comprised in such Award.
“Board”	the board of Directors of the Company.
“Company”	MTR Corporation Limited (香港鐵路有限公司).
“Directors”	the directors of the Company.
“Eligible Employee”	any employee and any director of the Company or any of its subsidiaries (excluding non-executive members of the Board but including members of the Executive Directorate of the Company).
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
“Management”	the executive staff of the Company as designated by the Board from time to time to operate the Scheme.
“Performance Shares”	Award Shares awarded which vest subject to the performance of the Company or any other performance conditions. The Board-approved performance metrics, the performance period or any other performance conditions in respect of each Award of Performance Shares shall be determined by the Remuneration Committee.
“Remuneration Committee”	the remuneration committee of the Board.
“Residual Share”	subject to terms of the Scheme, an Award Share that is forfeited in accordance with the terms of the Scheme and any other Share that is not an Award Share, that is held in the Trust.

“Restricted Shares”	Award Shares awarded on the basis of the individual performance of the relevant Eligible Employee, as determined by the Remuneration Committee.
“Scheme”	the 2014 Share Incentive Scheme approved by the Board on 15 August 2014.
“Scheme Rules”	the rules of the Scheme.
“Shares”	the ordinary shares in the Company.
“Trust”	the Trust constituted by the Trust Deed.
“Trust Deed”	the trust deed between BOCI-Prudential Trustee Limited and the Company dated 22 December 2014.
“Trustee”	BOCI-Prudential Trustee Limited, the trustee of the Trust or such other trustee as may be notified to Award Holders from time to time.

By order of the Board  
**Gillian Elizabeth Meller**  
*Company Secretary*  
MTR Corporation Limited

Hong Kong, 2 January 2015

As at the date of this announcement:

*Members of the Board:* Dr. Raymond Ch'ien Kuo-fung (*Chairman*)\*\*, Pamela Chan Wong Shui\*, Dr. Dorothy Chan Yuen Tak-fai\*, Vincent Cheng Hoi-chuen\*, Christine Fang Meng-sang\*, Edward Ho Sing-tin\*, 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) (Wai Chi-sing)\*\* and Commissioner for Transport (Ingrid Yeung Ho Poi-yan)\*\*

*Members of the Executive Directorate:* Lincoln Leong Kwok-kuen (*Acting Chief Executive Officer*), 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*

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