

Extracted from the Initial Public Offer prospectus of the then MTR Corporation Limited in 2000
(Cover page of the prospectus, Page 102 to 106 and Page V-8 to V-10 of Appendix V)

If you are in any doubt about this prospectus, you should consult your stockbroker, bank manager, solicitor, professional accountant or other professional adviser.



MTR Corporation Limited

(地鐵有限公司)

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)

MTR Privatisation Share Offer

Global Offering by

The Financial Secretary Incorporated on behalf of
the Government of the Hong Kong Special Administrative Region

Number of Offer Shares under the Global Offering:	1,000,000,000 (subject to reduction and Over-allotment Option)
Number of Hong Kong Offer Shares:	200,000,000 (subject to adjustment)
Maximum Offer Price:	HK\$9.38 per Offer Share payable in full on application in Hong Kong dollars, subject to refund
Nominal value:	HK\$1.00 per Share
Stock code:	66

Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners



**Goldman Sachs (Asia)
L.L.C.**

**Goldman Sachs (Asia)
L.L.C.**



**HSBC Investment Bank
Asia Limited**

Joint Sponsors

**HSBC Investment Bank
Asia Limited**



UBS Warburg

UBS Warburg

**UBS Warburg
Asia Limited**

Financial Advisers to the Company

N M ROTHSCHILD & SONS

BOCI Asia Limited

Financial Adviser to the Government

Merrill Lynch (Asia Pacific) Limited

The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, together with the documents specified in the paragraph headed "Documents Delivered to the Registrar of Companies" in Appendix X, has been registered by the Registrar of Companies in Hong Kong as required by Section 38D of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other document referred to above.

The Offer Price is expected to be fixed by agreement between the Joint Global Coordinators, on behalf of the Underwriters, and the Selling Shareholder, after consultation with MTR Corporation Limited, on the Price Determination Date. The Price Determination Date is expected to be on or around 1st October, 2000. Investors applying for Hong Kong Offer Shares must pay the maximum Offer Price of HK\$9.38 per Offer Share, together with brokerage of 1% and Stock Exchange transaction levy of 0.01%.

The Joint Global Coordinators, on behalf of the Underwriters, may, with the consent of the Selling Shareholder, reduce the number of Shares being offered in the Global Offering and/or the indicative Offer Price range below that stated in this prospectus (which is HK\$8.00 to HK\$9.38 per Offer Share) at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, notices of the reduction in the number of Shares and/or the indicative Offer Price range will be published in the South China Morning Post and the Hong Kong Economic Times not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. If applications for Hong Kong Offer Shares have been submitted prior to the day which is the last day for lodging applications under the Hong Kong Public Offering, then even if the number of Shares and/or the Offer Price is so reduced, such applications cannot be subsequently withdrawn.

If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators, on behalf of the Underwriters, and the Selling Shareholder, after consultation with MTR Corporation Limited, the Global Offering will not proceed.

25th September, 2000

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Property developments related to the Tsuen Wan, Kwun Tong and Island Lines

As set out in the table below, a total of 18 property developments associated with the construction of the Tsuen Wan, Kwun Tong and Island Lines have been developed in conjunction with developers. All residential units and offices in these developments have been sold. Almost all of the retail space has either been sold or leased.

Location	Completion (Year)	Residential (No. of units)	Office (GFA m²)	Retail (GFA m²)	GIC Facilities (GFA m²)
Telford Gardens/Telford Plaza I and II	1980/1996	4,992	52,482	83,201	909
Admiralty Centre	1980	—	72,290	18,114	—
Worldwide House	1981	—	33,314	7,141	—
Fairmont House	1982	—	20,886	—	—
Argyle Centre	1983	—	26,308	—	—
Luk Yeung Sun Chuen	1983	4,000	—	15,548	13,562
New Kwai Fong Gardens	1983	1,264	—	4,484	540
Sun Kwai Hing Gardens	1983	600	—	7,317	10,321
Fortress Metro Towers	1986	757	—	6,791	—
Kornhill/Kornhill Gardens	1987	8,828	—	104,170 ⁽¹⁾	9,640
Hongway Garden	1987	412	—	2,544	—
Vicwood Plaza	1988	—	29,618	7,239	—
Perfect Mount Gardens	1988	760	—	1,119	19,830
New Jade Gardens	1988	1,488	—	11,100	5,400
Southern Garden	1988	480	—	2,646	40,918
Heng Fa Chuen/Heng Fa Villa	1989	6,560	—	26,742	20,120
Park Towers	1989	493	—	1,207	18,897
Felicity Garden	1990	732	—	—	13,386
Total		<u>31,366</u>	<u>234,898</u>	<u>299,363</u>	<u>153,523</u>

Note:

(1) Commercial GFA of 104,170 m² comprises retail, office and hotel areas.

Property developments related to the Airport Railway Project

Under the terms of the Airport Railway Agreement, the Company was granted the preferential right to undertake residential and commercial developments on approximately 62.37 hectares of land at sites above or around the five MTR Stations along the Tung Chung and Airport Express Lines, namely, Hong Kong, Kowloon, Olympic, Tsing Yi and Tung Chung stations. These developments, as currently planned, comprise 15 development packages totalling approximately 26,620 residential units and approximately 1.3 million m² of office, hotel and retail space. As of the date of this prospectus, the Company had awarded all of these packages to various developers following competitive tendering processes.

Several property developments associated with the construction of the Airport Railway Project have been completed. These comprise an aggregate of approximately 170,900 m² of commercial office space, 7,972 residential units and approximately 119,250 m² of retail space (of which 1,900 m² have been sold and approximately 117,350 m² are for leasing). As of 30th June 2000, approximately 75% of the retail space has been leased.

The Government is replanning the land use adjacent to Kowloon station to create a major cultural and tourist zone. It is expected that Kowloon station will be a key entry point to this new zone. Package Seven at Kowloon station is currently planned to include a 102-storey tower, incorporating office and retail space, a hotel and restaurants, which will be one of the tallest buildings in Asia. Town Planning Board approval for Package Seven was granted in October 1999. On the other side of the harbour, the laying of the foundations of an 88-storey tower adjacent to Hong Kong station commenced in February 2000. Occupying

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two prime sites, these two tall towers are planned to complete the “gateway” vision of landmark commercial towers above the Hong Kong and Kowloon Airport Express Line stations on each side of Victoria Harbour.

Despite volatile property market conditions in Hong Kong during 1998, the first sales of development properties relating to the Airport Railway Project, including an office building complex at Olympic station and residential units at the Tsing Yi station were concluded in 1998. Sales from the first property development package at Olympic station commenced in November 1998. Pre-sales of residential units at Tung Chung, Kowloon and Olympic stations property developments are continuing.

In 1998, the Company took possession of Maritime Square, a new retail shopping complex adjacent to Tsing Yi station as sharing in kind under the relevant development agreement. The shopping complex has attracted significant business and a substantial number of people have visited it since its opening in April 1999. The concept, design, marketing and management of Maritime Square are under the Company’s direct control. The Company believes that the success of Maritime Square has been a significant achievement in view of the generally weak retail market conditions which have prevailed in Hong Kong since the opening of the complex.

The awarded development packages include the developments associated with the Hong Kong, Kowloon, Tsing Yi, Tung Chung and Olympic stations. In 1997, the Town Planning Board gave its approval to increase the residential gross floor areas to be allocated to development packages for development at Tung Chung station. The additional land premium for the additional residential development area for Package Two and Package Three has been paid by the developers and the Company is in discussion with the developer of Package One on the possible expansion of that package. The Town Planning Board has also approved a change of use for Olympic Station Package Three from hotel to residential and the Company is now holding discussions with the Government on this change of use. These changes to the developments at Tung Chung and Olympic stations will increase the total number of residential units by 3,666. The Company awarded Kowloon Station Development Packages One, Two, Three and Four in 1996, 1997, 2000 and 1999, respectively. Kowloon Station Development Packages Five, Six and Seven were awarded as a single package on 6th September, 2000 and, in accordance with the terms of the relevant tender conditions, a development agreement will be entered into between the Company, the developer and its parent company, Sun Hung Kai Properties Limited, within 21 days of the award, substantially on the terms specified in the paragraph headed “Proposed development agreement for Kowloon Station Development Packages Five, Six and Seven” in Appendix IX.

The awarded property development packages have been, or are expected to be, completed (as the case may be) between 1999 and 2007. The amount of actual profit realised by the Company will depend on the development costs, the ability to sell or lease the completed properties, the timing of completion of competing development projects and general economic conditions.

As of 30th June, 2000 the balance of up-front payments received from participating developers in connection with property developments related to the Airport Railway Project in excess of related expenditures on foundations and enabling works incurred by the Company, net of amounts already recognised in the Company’s profit and loss account, was HK\$13,028 million.

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The tables below contain information relating to Airport Railway Project property developments:

Location	Development consortium members	Type	Permitted maximum gross floor area (m ²)	Parking spaces (No.)	Actual or Expected completion date
Hong Kong Station	Sun Hung Kai Properties Limited	Office	254,190	—	By phases from 1998-2004
	Henderson Land Development Co. Limited	Retail	59,460	—	
	The Hong Kong & China Gas Co. Limited	Hotel	102,250	—	
	Bank of China Group Investment Limited	Carpark	—	1,344	
Kowloon Station					
Package One	Wing Tai Holdings Limited	Residential	147,562	—	2000
	Temasek Holdings (Pte) Limited Singapore Land Limited Keppel Land Limited Lai Sun Development Co. Limited World-wide Investment Co. (Bermuda) Limited	Carpark	—	1,332	
Package Two	The Wharf (Holdings) Limited	Residential	210,319	—	By phases from 2002-2003
	Wheelock and Company Limited New Asia Realty and Trust Company, Limited Realty Development Corporation Limited Harbour Centre Development Limited	Carpark	—	1,313	
Package Three	Sun Hung Kai Properties Limited	Residential Carpark	100,000 —	— 684	2004
Package Four	Amoy Properties Limited	Residential Carpark	128,845 —	— 864	2003
Package Five ⁽¹⁾	Sun Hung Kai Properties Limited	Retail Residential Hotel Carpark	70,000 21,300 30,750 —	— — — 767	2003-2004
Package Six ⁽¹⁾	Sun Hung Kai Properties Limited	Service apartment Office Carpark	68,472 – 72,472 79,778 – 83,778 —	— — — 467	2003-2004
Package Seven ⁽¹⁾	Sun Hung Kai Properties Limited	Retail Office Hotel Carpark	12,750 152,000 64,250 —	— — — 740	2005-2007
Olympic Station					
Package One	Sino Land Co. Limited	Office	111,000	—	By phases from 1998-2000
	Bank of China Group Investment Limited	Retail	14,900	—	
	Kerry Properties Limited	Residential	169,950	—	
	China Overseas Land and Investment Limited DBS Land Limited	Carpark	—	1,380	
Package Two	Sino Land Co. Limited	Retail	47,500	—	By phases from 2001-2002
	Kerry Properties Limited	Residential	220,050	—	
	Bank of China Group Investment Limited	Carpark	—	932	
	China Overseas Land and Investment Limited				
Package Three ⁽²⁾	Sun Hung Kai Properties Limited	Retail	2,600	—	2001
		Hotel	62,000	—	
		Carpark	—	169	

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Location	Development consortium members	Type	Permitted Maximum Gross floor area (m ²)	Parking spaces (No.)	Actual or Expected completion date
Tsing Yi Station	Cheung Kong (Holdings) Limited	Retail	46,170	—	By phases from 1998-1999
	Hutchison Whampoa Limited	Residential	245,700	—	
	CITIC Pacific Limited	Carpark	—	920	
Tung Chung Station					
Package One	Hang Lung Development Co. Limited	Office	15,000	—	By phases from 1999-2003
	Henderson Land Development Co. Limited	Retail	48,500	—	
	New World Development Co. Limited	Hotel	22,000	—	
	Sun Hung Kai Properties Limited	Residential	260,960	—	
	Swire Properties Limited	Carpark	—	2,002	
Package Two	HKR International Limited	Retail	2,500	—	By phases from 2001-2004
	Hong Leong Holdings Limited	Residential	253,100	—	
	Recosia Pte Limited	Carpark	—	632-745	
	Lippo China Resources Limited				
Package Three	Cheung Kong (Holdings) Limited	Retail	5,000	—	By phases from 2002-2004
	Hutchison Whampoa Limited	Residential	407,300	—	
		Carpark	—	1,215	

Notes:

- (1) Kowloon Station Development Packages Five, Six and Seven were awarded to a subsidiary of Sun Hung Kai Properties Limited as a single package.
- (2) The Town Planning Board has approved the change of land use from hotel to residential development of 103,152 m² and 252 carparking spaces for Package Three. Discussions are currently being held with the Government on the lease modification for this proposed change of use. Subject to agreement being reached with the Government, the Company currently plans for the development of Package Three to be completed by 2004.
- (3) The areas of GIC Facilities are excluded from the figures contained in this table.

Property developments related to the TKE Project

Tseung Kwan O is one of Hong Kong's major strategic growth areas with a target population of about 520,000 people by the year 2011. The Tseung Kwan O Line will link the new town of Tseung Kwan O to other parts of Hong Kong. Construction of the new railway line has resulted in property development opportunities at four stations and accessibility to the main urban areas via the Tseung Kwan O Line is expected to be a key attraction of the future station property complexes. As with the property developments related to the Airport Railway Project, the Company intends to build integrated communities above or adjacent to the stations which will become major transport, commercial and residential hubs of Tseung Kwan O new town.

The TKE Project Agreement provides that the Company shall have the right to undertake development at four locations within the project. Three developments will be located at Tiu Keng Leng, Tseung Kwan O and Hang Hau stations. The fourth development, being the largest, will be situated at Area 86, where the railway depot and future Tseung Kwan O South station that is planned to be constructed when the population catchment builds up will be located. Collectively, these four development projects will occupy a total site area of approximately 42.64 hectares and will comprise a gross floor area of approximately 2,335,000 m². This is expected to include approximately 28,800 residential units and 103,100 m² of offices and 132,000 m² of local and district-scale shopping facilities.

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The Company plans to divide these four developments into 23 development packages to be offered for tender, completion of which is anticipated over 10 years. The size of individual tender packages is expected to encourage participation from medium-sized developers and to allow for greater flexibility in the Company's tender strategy in response to property market uncertainties. The expected total investment cost, the bulk of which is planned to be borne by developers, is approximately HK\$70 billion based on 2000 prices.

On 7th July, 2000 the Company entered into a development agreement with a developer consortium in relation to the development of Area 57a at Tseung Kwan O station. The development consists of a three-level podium including carparks and retail space and 46 residential floors above the podium on a site area of approximately 3,600 m² which is expected to be completed in 2003. Area 57a is adjacent to two other sites which are being developed by substantially the same consortium and therefore the Company did not offer the development to other developers by public tender. Under the terms of the development agreement the Company received a mandatory payment to cover the cost of enabling works and has the right to share in the profits of the completed development. The developer has an option to purchase the retail element at a price calculated by reference to the open market value.

All development projects are planned and designed to create a user-friendly and pleasant living and working environment. They include areas of open space, recreational facilities, community and infrastructural provisions to ensure that each development produces a fully integrated and quality environment.

The proposed property development at Area 86 represents one of the largest single planned development schemes in Hong Kong covering approximately 32.21 hectares. It represents a new model for high density community living with segregated areas for automotive and pedestrian movement and large open space for leisure activities. A detailed plan for this large scale project, called the "Dream City", was introduced to the public in late 1999. As a "garden city and smokeless zone" located on the Clearwater Bay Peninsula, Area 86 is planned as a community containing 50 residential towers with up to 21,500 units accommodating approximately 58,000 people, schools, shops, recreation and neighbourhood facilities. The future Tseung Kwan O South station will be used as a key point for planning the pattern of community activities and movement within the entire development.

Property development related to Choi Hung station

The Company has received planning permission from the Town Planning Board to develop property above and near Choi Hung station on the Kwun Tong Line. This is expected to include a public transport interchange, commercial space, residential units and "park and ride" facilities for commuters from the southeast part of the New Territories. At present, the Government is processing the formal grant of land to the Company.

The timing of this development project depends on the finalisation of the formal land grant and the Company is considering how to progress the development. Its current intention is to identify a joint venture property developer and then enter into a joint venture arrangement with that property developer once the terms of the land grant are available.

SUMMARY OF VALUES

Group I — Property Interests Held for Investment

<u>No.</u>	<u>Property</u>	<u>Open Market Value in Existing State as at 31st July, 2000 (HK\$)</u>	<u>Interest Attributable to the Company(%)</u>	<u>Open Market Value in Existing State Attributable to the Company as at 31st July, 2000 (HK\$)</u>
1.	Telford Plaza I including shopping arcade, podium shops, recreational facilities, cinema, school, market and various carparking spaces, Telford Gardens, No. 33 Wai Yip Street, Kowloon Bay, Kowloon	4,310,600,000	100%	4,310,600,000
2.	Telford Plaza II including shopping arcade and various carparking spaces, Telford Gardens, No. 33 Wai Yip Street, Kowloon Bay, Kowloon	1,252,700,000	50%	626,350,000
3.	Luk Yeung Galleria including shopping arcade, podium shops and supermarket together with various carparking spaces, Luk Yeung Sun Chuen, Tsuen Wan, New Territories	1,128,640,000	100%	1,128,640,000
4.	Heng Fa Chuen Shopping Centre on the podium and market stalls, LP gas storage compound, club house and associated recreational facilities and 415 private carparking spaces in the West Carpark Block, Heng Fa Chuen, No. 100 Shing Tai Road, Chai Wan, Hong Kong	1,369,500,000	100%	1,369,500,000
5.	Maritime Square including shopping arcade, kindergarten, cinemas and various car and motor cycle parking spaces, Tierra Verde, No. 33 Tsing King Road, Tsing Yi, New Territories	2,282,000,000	100%	2,282,000,000
6.	Ground Floor of No. 308 Nathan Road, Yau Ma Tei, Kowloon	21,700,000	100%	21,700,000
7.	Ground Floor of No. 783 Nathan Road, Mong Kok, Kowloon	4,200,000	100%	4,200,000

APPENDIX V
PROPERTY VALUATION REPORT

No.	Property	Open Market Value in Existing State as at 31st July, 2000 (HK\$)	Interest Attributable to the Company(%)	Open Market Value in Existing State Attributable to the Company as at 31st July, 2000 (HK\$)
8.	Kindergarten on Podium Level and Car Park Nos. 1-126, New Kwai Fong Gardens, Nos. 12-20 Kwai Yi Road, Kwai Chung, New Territories	45,300,000	100%	45,300,000
9.	136 private carparking spaces within International Finance Centre, No. 1 Harbour View Street, Central, Hong Kong	122,400,000	51%	62,424,000
10.	292 carparking spaces on Car Park Floors P1, P2 & P3 at Section B of Phase 1 Carparking Spaces, No. 10 Hong Yue Street, Kornhill, Quarry Bay, Hong Kong	87,600,000	100%	87,600,000
11.	Neon light sign on the roof of Tower 1, Admiralty Centre, No. 18 Harcourt Road, Admiralty, Hong Kong	28,000,000	100%	28,000,000
12.	Shop Nos. 44, 85 to 93 on 1st Floor of the Commercial Podium of Admiralty Centre, No. 18 Harcourt Road, Admiralty, Hong Kong	30,900,000	50%	15,450,000
13.	Indoor Sports Hall at Island Harbourview in Site C (Phase I) of Olympic Station Development, No. 11 Hoi Fai Road, Tai Kok Tsui, Kowloon	45,500,000	100%	45,500,000
Sub-total:				10,027,264,000
Group II — Property Interests Held for Owner-occupation				
14.	Office No. 2101 on 21st Floor of World-Wide House, No. 19 Des Voeux Road Central, Central, Hong Kong	15,700,000	100%	15,700,000
15.	MTR Tower at Telford Plaza and 52 carparking spaces at Telford Gardens, No. 33 Wai Yip Street, Kowloon Bay, Kowloon	843,800,000	100%	843,800,000
16.	Levels 2, Mezzanine, 8 to 10 and 23 of Hang Seng Tower at Telford Gardens, No. 33 Wai Yip Street, Kowloon Bay, Kowloon	241,000,000	100%	241,000,000
Sub-total:				1,100,500,000

<u>No.</u>	<u>Property</u>	<u>Open Market Value of Property Interest Attributable to the Company as at 31st July, 2000 (HK\$)</u>
Group III — Property Interests Held for Development (Packages Awarded)		
17.	Airport Railway Property Development	
	(a) Hong Kong Station, Central, Hong Kong	4,785,300,000
	(b) Kowloon Station Packages One to Four, 1 Austin Road West, Kowloon	4,679,100,000
	(c) Olympic Station, Tai Kok Tsui, Kowloon	2,146,290,000
	(d) Tung Chung Station, Tung Chung Town Centre, Lantau Island	755,000,000
Sub-total:		12,365,690,000
Group IV — Property Interests Held for Development (Packages to be Awarded) and Property Interests held for Future Development		
18.	Airport Railway Property Development Package Five, Six and Seven of Kowloon Station Development, 1 Austin Road West, Kowloon	
19.	Tseung Kwan O Extension Property Development at Tiu Keng Leng Station; Tseung Kwan O (Town Centre) Station, Area 55b, Area 56 and Area 57a; Hang Hau Station; Area 86, Tseung Kwan O	
20.	Residential/Commercial Development with Park and Ride and Public Transport Interchange, Clear Water Bay Road, Choi Hung, Kowloon	
Sub-total:		8,270,130,000
Group V — Other Property Interests of the Company		
		<u>Open Market Value in Existing State as at 31st July, 2000 (HK\$)</u>
21.	Various Lorry Parking Spaces at Transport Interchange Building of Tsing Yi Station, No. 31 Tsing King Road, Tsing Yi, New Territories	No Commercial Value
22.	Leased Office Premises on the Second Floor of Chestnut Field, Regent Place, Rugby, United Kingdom	No Commercial Value
Sub-total :		—
TOTAL:		31,763,584,000