

MTR Corporation Limited 香港鐵路有限公司

Minutes of the 13th Annual General Meeting (the 'Meeting' or 'AGM') of MTR Corporation Limited 香港鐵路有限公司 (the 'Company' or 'MTR') held at Rotunda 3 (6/F), Kowloonbay International Trade & Exhibition Centre, 1 Trademart Drive, Kowloon Bay, Hong Kong on Thursday, 9 May 2013 at 11:30 a.m.

Present (Shareholders list had been prepared by Computershare Hong Kong Investor Services Limited).

Dr. Raymond Ch'ien (Chairman of the Board, and Chairman of Corporate Responsibility Committee), Mr. Edward Ho (Board Member and Chairman of both Nominations Committee and Remuneration Committee), and Mr. T. Brian Stevenson (Board Member and Chairman of Audit Committee).

Other Members of the Board present: Professor Chan Ka-keung, Ceajer, Mr. Vincent Cheng, Ms. Christine Fang, Mr. Alasdair George Morrison, Mr. Ng Leung-sing, Mr. Abraham Shek and Mr. Jay Herbert Walder (Board Member, Chief Executive Officer and a Member of Executive Directorate).

Other Members of Executive Directorate present: Mr. Lincoln Leong (Deputy Chief Executive Officer), Mr. Morris Cheung (Human Resources Director), Dr. Jacob Kam (Operations Director), Ms. Gillian Elizabeth Meller (Legal Director & Secretary), Mr. David Tang (Property Director) and Ms. Jeny Yeung (Commercial Director).

In Attendance Ms. Ivy Cheung, Mr. Andrew Weir and Mr. Peter Wong (representatives of KPMG – the Company's Auditors), Mr. James Wong and Mr. P C Wong (representatives of Computershare Hong Kong Investor Services Limited – the Company's Share Registrar), Mr. Jason Webber and Mr. Simon Chan (representatives of Slaughter & May – the Company's External Legal Advisers).

Facilitator Ms. May Wong welcomed everyone to the Meeting. She informed that (i) the Meeting would be conducted in English except that the poll on each resolution would be conducted in Cantonese, and there would be simultaneous interpretation (i.e. Cantonese, Putonghua and English) throughout the Meeting; (ii) Shareholders who would like to ask questions should move to a designated microphone position such that they could be seen and heard; (iii) only Shareholders, representatives of corporate Shareholders and proxies would be invited to ask questions at the Meeting; and (iv) the Chairman would answer questions in the language in which they were asked, and that simultaneous translations of both the questions and answers would be provided by the interpreters. She also highlighted the housekeeping matters.

Ms. Wong then introduced the Chairman.

Chairman's Opening Remarks The Chairman said he had invited the Company's advisers and others to attend the Meeting in accordance with Article 61 of the Company's Articles of Association (the 'Articles'). To facilitate those Shareholders who could not come to the Meeting, he advised that the Meeting would be webcast and be available on the Company's website within around the next 24 hours.

Notice The Chairman proposed and, with permission from the Shareholders present at the Meeting, the Notice convening the Meeting, which had been distributed to all Shareholders in early April, was taken as read.

Chairman's Statement The Chairman commenced the Meeting by highlighting the gist of the first review ('Review') of the Fare Adjustment Mechanism ('FAM') conducted earlier in the year.

He cited that at the 2012 AGM, he had set out three parameters for the Review from the Company's perspective:

- That the mechanism had to be open, transparent, easily understood, considered fair by the public and our Shareholders and not unduly influenced by any other external factors;
- That it had to address general affordability consistent with socio-economic conditions; and
- That it had to be able to provide sufficient resources for MTR to ride through economic cycles, through both good times and lean, so that we could continue to provide a world leading railway to the Hong Kong community in a sustainable way.

The Chairman reported that the Company had worked earnestly with the Government on the Review and had recently announced the results of it – the maintenance of the current FAM formula together with the “direct” drive application, whilst agreeing a methodology to calculate the Company’s productivity gains going forward. This, together with a number of new promotions, which sought to address the concerns of the public on factors such as affordability, the Company’s profitability, and the performance of the railway, had taken into account the issues raised by Government and the travelling public.

He also said the Company believed that the outcome of the Review was well balanced, being responsive to the interests of the Company’s different stakeholder groups and, importantly, ensuring the long term financial sustainability of the Company, so that MTR could continue to deliver world leading services to the Hong Kong community, and project the Company’s strengths abroad profitably.

The Chairman reminded Shareholders that, in 2012, MTR had launched the HK\$1 billion “Listening and Responding” Programme, which more specifically focused on the views and needs of passengers, and MTR had begun to see positive results. The additional

1,200 train trips added per week in 2012 had increased MTR's carrying capacity by some 3 million passenger trips a week, which had helped reduce waiting time and eased crowding on platforms and in trains. To bring even more convenience and comfort to passengers, additional lifts, ramps and seating, as well as toilet facilities had been opened.

The Chairman said that passengers had noticed a visible difference, and this was revealed in a recent survey which showed that up to 80% of respondents found that trains and platforms were less crowded and up to 90% were satisfied with the waiting time for trains. The "Listening and Responding" Programme would continue into 2013 with a new series of initiatives.

Besides passenger comfort and convenience, the Chairman remarked that MTR continued to recognise the critical importance of maintaining strong safety performance and high operational standards. He pointed out that the Company had invested over HK\$5 billion each year in regular maintenance and upgrades to keep up with MTR's world-leading on-time performance of 99.9%. As a result, 2012 had seen a considerable reduction in the number of delays and disruptions on the network, with the number of delays of 5 minutes or more on the Heavy Rail network decreasing by 23%.

The Chairman added that, as a listening and responding transport operator and a responsible listed company, MTR valued its passengers and Shareholders as its key stakeholders and that the Board would continue to balance these dual obligations in its decision making.

The Chairman further added that, in the Company's Strategic Review conducted in 2012, it was confirmed that the long term direction of MTR would continue to be the improvement of and investment in MTR's services and corporate citizen reputation in Hong Kong, whilst looking to achieve further growth and maximise the value of its core businesses in Hong Kong. MTR

would also build on its achievements and accelerate its expansion outside of Hong Kong.

Turning to the overview of MTR's 2012 Annual Results, the Chairman reported that MTR had achieved continued solid financial performance across all its businesses. Its Hong Kong transport operations had seen record patronage and market share while its station commercial and property rental businesses had seen strong revenue increases. In 2012, the Company again well exceeded the targets set out in the Operating Agreement and its Customer Service Pledges. In the area of growth, the Company had achieved a number of important milestones both within and outside of Hong Kong.

Putting the financial performance in context and compared to 2011, the Chairman said that the Company's total revenue had increased by 6.9% to HK\$35.7 billion. Total EBITDA was 7.9% higher at HK\$13.1 billion, and total EBITDA margin rose slightly to 36.6%, assisted by an improvement, both operationally and financially, in the Company's Mainland of China and international businesses.

The Chairman explained that, due to the timing difference of development projects available for booking, property development profit however was 34.4% lower at HK\$3.2 billion. As a result, profit from underlying businesses came in 6.6% lower at HK\$9.8 billion and earnings-per-share in 2012 were HK\$1.69.

The Chairman said that, in line with the Company's progressive dividend policy, the Board had recommended a final dividend of HK54 cents per share, giving a full year dividend of HK79 cents per share, which was an increase of 3.9% compared to 2011. Subject to Shareholders' approval at the Meeting, this would be the sixth consecutive year of dividend increases.

The Chairman then continued to report on the overall performance of the Company's various businesses.

Starting with Operations, he highlighted that total patronage from all of the Company's rail and bus passenger services in Hong Kong had increased by 4.7% to a record HK\$1.77 billion in 2012. The Company's overall share of the franchised public transport market in Hong Kong had increased further in 2012 to 46.4% from 45.4% in 2011.

The Chairman also said that revenue from Hong Kong station commercial business had increased by 7.5% to HK\$3.7 billion in 2012, as higher station shop rental and advertising revenue had offset lower revenue from telecommunications.

The Company's Hong Kong property rental and property management businesses in 2012 generated HK\$3.4 billion in revenue, representing an increase of 10.3% over 2011. Property development reported a profit of HK\$3.2 billion in 2012, comprising primarily profit booking from The Riverpark at Che Kung Temple Station.

The Chairman reported that, beyond Hong Kong, the railway subsidiaries in Stockholm, Melbourne and Shenzhen, together with property rental and management businesses in the Mainland of China, generated an EBITDA of HK\$602 million in 2012. MTR's rail associates in Beijing, London and Hangzhou posted a post-tax contribution of HK\$242 million for the same period.

In London, MTR's operation of the London Overground franchise through LOROL managed to achieve 98% on time performance during the considerable challenge of the 2012 London Olympics. The 12-km and 2 station extension to the network was complete and the franchise had been extended by Transport for London until 2016.

The UK Department of Transport had recently announced the resumption of the bidding process for the two franchises, Essex Thameside and Thameslink for which MTR had previously been shortlisted.

The Chairman was pleased to report that the LOROL team had been receiving a number of awards. In 2012, LOROL was named London's Public Transport Operator of the Year for the second year in a row as well as receiving the World's Most Improved Metro at the Metrorail Awards in London. In March 2013, it received three awards from the 10th annual London Transport Awards. They were: i) London 2012 Transport Teams; ii) Frontline Employee of the Year (for Ben Mathis, a Customer Host); and iii) Rail Station of the Year (the Hatch End Station). LOROL was also awarded a gold medal for their excellent performance during the 2012 Olympic Games.

Turning to Sydney, the Chairman said that MTR had been shortlisted for the North West Rail Link project for the New South Wales Government.

The Chairman then reported on the Company's business in the Mainland of China, where Hangzhou Line 1 successfully opened in November 2012, and the Company's 49% owned associate, Beijing MTR, had initialled a concession agreement with the Beijing Municipal Government for the new Beijing Metro Line 14. It was a 47-km line with phase 1 of the line opened on 5 May 2013, and phase 2 and phase 3 openings to follow in 2014 and 2016 respectively.

In sum, MTR operated 742-km of rail network, employing almost 15,000 men and women outside of Hong Kong. The Company had become truly multinational in scope and outlook.

Turning to future growth, the Chairman said that work on the five major projects expanding MTR's rail service to more districts of Hong Kong would continue. These lines, when completed, would expand the Hong Kong route network by 25%.

The Chairman was pleased to report that the Entrustment Agreement for the 17-km Shatin to Central Link Project was signed in May 2012 and construction

commenced in June. The two phases of the line were targeted to come into service in 2018 and 2020 respectively.

The 3-km West Island Line was targeted to open for service in 2014 and had completed 65% of construction work by the end of 2012. Both the 7-km South Island Line (East) and the 2.6-km Kwun Tong Line Extension were progressing on schedule and were targeted to open in 2015. Likewise, construction activity of the 26-km Express Rail Link (Hong Kong Section) was also progressing as planned and expected to open in 2015.

Apart from these five new lines, the Chairman said that the Government was also undertaking a Review and Update of the Railway Development Strategy 2000 to map out the long-term railway development blueprint of Hong Kong. The Stage 2 Public Consultation was launched in February, and the Company would continue to work with the Government to provide rail passengers with more convenience, better efficiency and greater connectivity to all corners of the city.

Taking the opportunity of the meeting, the Chairman recognised the roles that good corporate governance, sustainability and corporate responsibility (including, most importantly, community engagement) played in helping MTR to become a leading multinational company that connected and grew communities with caring service.

The Company's commitment to the highest standards of corporate governance was driven by the Board who assumed overall responsibility for the governance of the Company, taking into account the interests of the Company's stakeholders, the development of the Company's businesses as well as the changing external environment. MTR was once again awarded by the Hong Kong Institute of Certified Public Accountants for the second year in a row, the Gold Award (Hang Seng Index Category) in the Best Corporate Governance Disclosure Awards.

As regards sustainability, the Chairman highlighted that the Company's integrated "Rail plus Property" model enabled the Company to be a financially sustainable urban transport system. To support the commitment from global businesses to address climate change by reducing energy use and carbon emissions in the building sector, the Company signed the World Business Council for Sustainable Development's "Manifesto for Energy Efficiency in Buildings" in 2012.

The Company's efforts in serving the interests of the community and creating long-term shareholder value were well recognised. In August 2012, the Company was awarded an AA+ rating and ranked the first among all Hong Kong companies listed on the Hang Seng Corporate Sustainability Index. In December, the Company was awarded the "Sustainability Excellence Award 2012" in the Hong Kong Corporate Governance Excellence Awards 2012.

The Chairman said that Hong Kong was MTR's home, and therefore the Company cared for the community it served. Youth Development, Art & Culture, Green & Healthy Living and Community Outreach continued to be the focus of the Company's Community Care Action program. To help encourage young people to meet life's many challenges, the Company ran an 8-month mentoring scheme called " 'Friend' for life's journeys" every year and over 120 secondary school students were involved in 2012. Alongside this, the Company's 10-day " 'Train' for life's journeys" programme had also given another 100 senior secondary school students new insights into their personal and social responsibilities. On the art side and modelling on the Company's long-running "Art in MTR" initiative, the Company announced in July 2012 the "MTR New Railway Lines Art in Station in 2012" programme. Overall in 2012, over 5,800 volunteers were involved in a total of 239 community projects under the Company's "More Time Reaching Community" banner.

Looking ahead for the rest of 2013, the Chairman said that the Company's recurrent businesses would continue to benefit from the continued economic growth in Hong Kong. With the settlement of the FAM Review, MTR shareholders were assured of the Company's continued long-term sustainable development.

In respect of the Company's Hong Kong property development business, the Chairman remarked that it was not expected to have any booking of profits in 2013 for any of the property projects currently being developed given the existing construction programme.

He also said that, in May 2013, the Company put out for tender a residential project at the Long Ping Station (South) site which was a West Rail property development in relation to which the Company only acted as an agent. The tender would close on 3 June 2013 and 20 developers had already expressed interest. Depending on market conditions, the developments at the Tai Wai Station site, Tin Shui Wai Light Rail Station site and LOHAS Park Package IV would be tendered over the next 12 months.

In the Mainland of China, pre-sale of the first MTR-branded property in China, located at the depot of the Longhua Line, was targeted for 2014.

Before closing, the Chairman thanked all fellow Board Members, colleagues and staff for their dedication and continuous support in striving to make 2012 another year of success, and paving the way for continuous growth in the future.

Voting Procedures

Before considering the resolutions, the Chairman exercised his right as the Chairman of the Meeting under Article 67 of the Articles to call a poll on each resolution to be proposed at the Meeting.

In order to minimise the time spent on counting the votes, the Chairman exercised his right as the Chairman of the Meeting under Article 68 of the Articles to use an

electronic voting system to conduct the poll on each resolution to be proposed at the Meeting.

The Chairman said, as before, Computershare Hong Kong Investor Services Limited ('Computershare') had been appointed as the scrutineers to count and certify the poll results. He advised that as the electronic voting system would be used to count the votes, it was expected that the results of the poll would be displayed on the screen before the end of the Meeting. In addition, the poll results would be published on the websites of the Company and the Stock Exchange of Hong Kong Limited in accordance with the Listing Rules.

Mr. James Wong of Computershare then gave a demonstration on how electronic poll voting would work.

Directors'
Report and
Audited
Statement of
Accounts

The Directors' Report and the audited Statement of Accounts for the year ended 31 December 2012 were taken as read with the permission from all Shareholders present at the Meeting.

Auditors'
Report

Ms. Ivy Cheung of KPMG summarised the Auditors' Report to the Meeting.

The Chairman thanked Ms. Cheung.

Before the Chairman formally proposed Resolution 1 (i.e. the ordinary resolution 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 2012), he asked whether there were any questions about the audited Statement of Accounts and the Reports of the Directors and the Auditors of the Company for the year ended 31 December 2012.

With no question raised by Shareholders, the Chairman then conducted the poll on Resolution 1.

As more than 50% of the votes were cast in favour of Resolution 1, the Chairman declared Resolution 1 carried.

Final Dividend The Chairman continued to formally propose Resolution 2, namely the ordinary resolution to declare a final dividend for the year ended 31 December 2012 of HK\$0.54 per ordinary share, as recommended by the Board of Directors.

The Chairman then conducted the poll on Resolution 2.

As more than 50% of the votes were cast in favour of Resolution 2, the Chairman declared Resolution 2 carried.

Directors In accordance with the Articles, Mr. Vincent Cheng Hoi-chuen, Ms. Christine Fang Meng-sang and Mr. Edward Ho Sing-tin retired individually from the office of Directors and, being eligible, offered themselves for re-election at the Meeting.

The Chairman invited questions from Shareholders about Resolution 3.

Having no question from Shareholders, the Chairman proposed and conducted the poll on Resolution 3(a), that Mr. Vincent Cheng Hoi-chuen be re-elected as a member of the Board of Directors of the Company.

As more than 50% of the votes were cast in favour of Resolution 3(a), the Chairman declared Resolution 3(a) carried.

The Chairman then proposed and conducted the poll on Resolution 3(b), that Ms. Christine Fang Meng-sang be re-elected as a member of the Board of Directors of the Company.

As more than 50% of the votes were cast in favour of Resolution 3(b), the Chairman declared Resolution 3(b) carried.

The Chairman further proposed and conducted the poll on Resolution 3(c), that Mr. Edward Ho Sing-tin be re-elected as a member of the Board of Directors of the Company.

As more than 50% of the votes were cast in favour of Resolution 3(c), the Chairman declared Resolution 3(c) carried.

Auditors

The Chairman proposed and conducted the poll on Resolution 4, namely the ordinary resolution to re-appoint KPMG as Auditors of the Company and to authorise the Board of Directors to determine their remuneration.

As more than 50% of the votes were cast in favour of Resolution 4, the Chairman declared Resolution 4 carried.

General Mandate

The Chairman proposed Resolution 5, namely the ordinary resolution to grant a general mandate to the Board of Directors to allot, issue, grant, distribute and otherwise deal with additional Shares in the Company in the terms set out in the Notice of the Meeting as follows:

Resolution 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 and to make, issue or grant offers, agreements, options, warrants and other securities which will or might require Shares to be allotted, issued, granted, distributed or otherwise dealt with

during or after the end of the Relevant Period, be and is hereby generally and unconditionally APPROVED;

(B) the aggregate nominal amount of share capital 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 New Joiners Share Option Scheme and 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 the aggregate of:

- (a) ten per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this Resolution 5; and

- (b) (if the Board of Directors is so authorised by a separate resolution of the shareholders of the Company) the aggregate nominal amount of share capital of the Company purchased by the Company subsequent to the passing of this Resolution 5 (up to a maximum equivalent to ten per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing 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 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."

The Chairman conducted the poll on Resolution 5.

As more than 50% of the votes were cast in favour of Resolution 5, the Chairman declared Resolution 5 carried.

Share
Repurchase
Mandate

The Chairman proposed Resolution 6, namely the ordinary resolution to grant a general mandate to the Board of Directors to purchase Shares in the Company in the terms set out in the Notice of the Meeting as follows:

Resolution 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 Repurchases 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 nominal amount 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 nominal amount of the share capital of the Company in issue as at the date of 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."

The Chairman then conducted the poll on Resolution 6.

As more than 50% of the votes were cast in favour of Resolution 6, the Chairman declared Resolution 6 carried.

Addition of the Aggregate Nominal Amount of the Shares Repurchased to the Aggregate Nominal Amount of the Shares which may be issued under the General Mandate

The Chairman proposed Resolution 7, namely the ordinary resolution to authorise the Board of Directors to exercise the powers to allot, issue, grant, distribute and otherwise deal with additional shares in the Company in respect of the aggregate nominal amount of share capital in the Company purchased by the Company in the terms set out in the Notice of the Meeting as follows:

Resolution 7

“THAT, conditional on the passing of Resolutions 5 and 6, the exercise by the Board of Directors of the powers referred to in paragraph (A) of Resolution 5 in respect of the share capital of the Company referred to in subparagraph (b) of paragraph (B) of Resolution 5, be and is hereby APPROVED AND AUTHORISED.”

The Chairman conducted the poll on Resolution 7.

As more than 50% of the votes were cast in favour of Resolution 7, the Chairman declared Resolution 7 carried.

Poll Results

The Chairman advised that the results of the poll would be published on the websites of the Company and the Hong Kong Stock Exchange in accordance with the Listing Rules.

The Chairman thanked all Shareholders for their attendance and before announcing the closure of the Meeting, **Madam Chan**, a Shareholder, expressed her views as follows:-

- (1) She suggested that Shareholders should be allowed to sit closer to the stage;

- (2) Management should consider offering elderly passengers HK\$1 concession fares per journey on every Wednesday or every Saturday;
- (3) She said that the MTR fare from town to Lo Wu was expensive. In order to save travelling costs, she had to take very indirect routes like passing through Shenzhen Bay and Futian, or getting off and re-boarding at Sheung Shui. She therefore asked Management to look into this; and
- (4) She appreciated that there were public toilets in stations along the West Rail Line and suggested that more public toilets be installed along the other lines of the MTR network.

The Chairman thanked Madam Chan for her comments and replied that, in order to strike the right balance, the Company had taken into account different stakeholders' interests in making decisions.

The Chairman then invited Ms. Jeny Yeung, Commercial Director, to reply Madam Chan's question on train fares.

Ms. Yeung responded that the current promotions together with those mentioned in the FAM Review had amounted to approximately HK\$2 billion, and the Company had been offering different kinds of promotions to different passenger groups. She also said that resources were limited, and the Company would continue to consider providing different promotions to address the needs of different passenger groups.

Mr. Chan, a proxy, expressed his views as follows:

- (1) Mr. Chan showed his concern over the long-term sustainability of MTR given most of MTR's development projects were granted by the Government without encountering any competition. He wondered whether MTR could continue to enjoy

such rights from the Government; and

- (2) In respect of the FAM, Mr. Chan questioned about the possibility and extent of fare increase. He pointed out that, while MTR might have operational difficulty in some areas, it could still raise fares under the FAM. This might create negative public sentiment towards MTR. Furthermore, MTR would lose its long-term development capability as commuters might switch to other less expensive transport means.

The Chairman responded that the past 30 years' experience of MTR had effectively proved that MTR's business model was successful and sustainable. He said that, as mentioned in his earlier report, MTR had been gradually expanding its footprint overseas meaning that MTR possessed a sustainable development capacity both internationally and locally. Besides, the Chairman reiterated the importance of balancing the interests of the Company's different stakeholders including the community. He also emphasized that MTR's railway network was an important infrastructure to the society and in order to remain sustainable, a reasonable rate of return must be achieved. The Chairman concluded that, in the past decades, in particular, following the listing of MTR on the Hong Kong Stock Exchange, the performance of MTR and its decisions in fare adjustment had completely reflected that MTR was able to and would continue to strike a balance among different stakeholders' interests and needs.

Madam Chan, a Shareholder, who had commented earlier, asked again Professor Ceajer Chan Ka-keung for the HK\$1 concession fares. In response, Professor Chan said he believed the MTR Management team would continue to look into this and the Government would also continue to consider how to help elderlies from the policy perspective. Professor Chan added that he supported the Chairman's views on the importance of balancing the interests and needs of different

stakeholders, and understood Shareholders' concern on MTR's long term sustainability.

Mr. Lee Kwok Tim, a Shareholder, asked about the number of successful prosecutions in fare abuse cases in 2012 and the size and operation of MTR's Ticket Inspection Team.

Dr. Jacob Kam, Operations Director, thanked Mr. Lee for his continuous support to MTR and responded that the Company had various Ticket Inspection Teams (both uniformed and in casual wear) distributed over the whole railway network. The Company had been monitoring closely and reviewing regularly. Overall, the fare abuse situation was under control. A large number of successful prosecution cases were reported last year.

Mr. Lee, a Shareholder, inquired the Chairman whether the Board would consider resuming the offer of scrip dividend alternative to Shareholders and the progress of the Board's decision in that regard.

The Chairman invited Mr. Lincoln Leong, the Deputy Chief Executive Officer, to answer Mr. Lee's question.

In response, Mr. Leong said that Management had reviewed the scrip dividend issue and, given the Company's strong cash position, the Company's current view was that distribution of dividend by means of cash was the best option.

Mr. Lau Chong Fong, a Shareholder, asked Management to consider:

- (1) Changing elderlies' current fare concession from HK\$2 per journey every day, to free rides for 2 days per week; and
- (2) Whether the current payout ratio of dividend was still relatively low compared with the profits MTR made?

The Chairman thanked Mr. Lau for his suggestions and remarked that Mr. Jay Herbert Walder, the Chief Executive Officer and the editor of the Company's 'Listening and Responding' Programme, would listen to and consider Mr. Lau's suggestion.

The Chairman then continued by quoting his earlier statement that 2013 was the sixth consecutive year of dividend increases notwithstanding the fact that profit attributable to equity Shareholders for 2012 was marginally lower than 2011. He also said he had heard Shareholders' wish to receive more dividend, and explained that, in making recommendation on the dividend amount, Management had taken a prudent approach and had taken into account the Company's long-term development and sustainability. The Chairman supplemented that revenue from property business in 2012 was limited due to various factors, the Board therefore recommended a final dividend of Hong Kong 54 cents per share, giving a full year dividend of Hong Kong 79 cents per share.

Mr. Lee Kwok Keung, a Shareholder, requested Management to look into the following:

- (1) Whether more announcements could be made to remind passengers to give seats to the needy?
and
- (2) Whether only cash dividend would be available to Shareholders in the future?

In response, the Chairman said that he heard several Shareholders had made the same request for an option to choose cash or scrip dividend, and responded that Management and the Board would consider Shareholders' views seriously when deciding dividend alternatives in the following year.

The Chairman said that in respect of Mr. Lee's first point, he acknowledged that MTR certainly had its

corporate responsibility duty and hoped that all passengers would show their care to those in need. The Chairman then requested Operations Director to consider Mr. Lee's suggestion in the priority seat campaign.

Mr. Fung, a Shareholder, expressed his discontent over the destruction of a number of large and old trees situated in areas around Ma Tau Wai Road and San Shan Road, during the construction of the Shatin to Central Link.

Mr. Walder explained that the construction programmes being undertaken by MTR under the Shatin Central Link as well as all other projects were very complicated. MTR had been working closely with the Government and had tried as much as possible to preserve areas and tree walls that already existed. In some cases, it was inevitable to cause some impact on the environment and it was hoped that after the completion of the construction, MTR would put back the community and environment even better than before.

The Chairman supplemented by referring to the Annual Report and the Sustainability Report of the Company that MTR had been very keen on "green awareness" compared with other companies in Hong Kong and welcomed Mr. Fung to approach the Company's Corporate Responsibility Team for further enquiry.

Madam Lai Fu Ran, a shareholder, expressed her sincere appreciation towards MTR's frontline staff for their excellent service and care during her journey from Shenzhen to Hong Kong when she was suffering from internal bleeding caused by duodenitis and her life was at risk.

The Chairman thanked **Madam Lai's** appreciation on behalf of MTR and wished her good health.

Mr. William To, a shareholder, suggested the Board to allow Shareholders to indicate their wish to receive their dividends in cash or scrip by way of voting.

The Chairman noted that quite some Shareholders at the Meeting had made the same request on scrip dividends and he concluded that the Company would seriously consider Shareholders' views.

Madam Chan, the Shareholder who raised her comments previously, suggested that MTR should broadcast the video on the Guangzhou-Shenzhen-Hong Kong Express Rail Link more in Hong Kong. Madam Chan also expressed her appreciation to the excellent service of MTR's frontline staff.

The Chairman thanked Madam Chan for her suggestion and appreciation for the Company's staff.

Conclusion There being no further business, the Chairman declared the Meeting closed at about 12:50 p.m. and reminded Shareholders to collect the refreshment pack.

(Signed by Dr. Raymond Ch'ien)

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Chairman