

## MTR Corporation Limited 香港鐵路有限公司

Minutes of the 16<sup>th</sup> Annual General Meeting (the “Meeting”) of MTR Corporation Limited 香港鐵路有限公司 (the “Company”) held at Rotunda 3 (6/F), Kowloonbay International Trade & Exhibition Centre, 1 Trademart Drive, Kowloon Bay, Hong Kong on Wednesday, 18 May 2016 at 11:30 a.m.

Present Shareholders’ attendance list was compiled by Computershare Hong Kong Investor Services Limited (“Computershare”), the Company’s Share Registrar.

Professor Frederick Ma Si-hang (Chairman of the Board, and Chairman of Corporate Responsibility Committee), Dr Dorothy Chan Yuen Tak-fai (Board Member and Chairlady of Remuneration Committee), Dr Eddy Fong Ching (Board Member and Chairman of Audit Committee), Mr Alasdair George Morrison (Board Member and Chairman of Risk Committee), Mr Abraham Shek Lai-him (Board Member and Chairman of Nominations Committee) and Dr Allan Wong Chi-yun (Board Member and Chairman of Capital Works Committee).

Other Members of the Board present: Mrs Pamela Chan Wong Shui, Ms Mable Chan (Alternate Director to Professor Chan Ka-keung, Ceajer), Mr James Kwan Yuk-choi, Mrs Lucia Li Li Ka-lai, Mr Benjamin Tang Kwok-bun, Mr Anthony Chow Wing-kin (elected as a new Director during the Meeting) and Mr Lincoln Leong Kwok-kuen (Board Member, Chief Executive Officer (“CEO”) and a Member of the Executive Directorate).

Other Members of the Executive Directorate present: Mr Morris Cheung Siu-wa (European Business Director), Dr Peter Ronald Ewen, Engineering Director, Dr Jacob Kam Chak-pui (Managing Director - Operations and Mainland Business), Mr Adi Lau Tin-shing (Operations Director), Mr Stephen Law Cheuk-kin (Finance Director), Ms Gillian Elizabeth Meller (Legal Director and Secretary), Ms Linda So Ka-pik (Corporate Affairs Director), Mr David Tang Chi-fai (Property

Director), Dr Philco Wong Nai-keung (Projects Director) and Ms Jeny Yeung Mei-chun (Commercial Director).

Mr Daniel Shim Ming-yi (Acting Human Resources 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); and

Mr Peter Brien, Mr Jason Webber and Mr Kevin Ip (representatives of Slaughter & May – the Company’s External Legal Advisers).

Facilitator Ms Linda So welcomed everyone to the Meeting. She informed attendees that:

1. the Meeting would be conducted in Cantonese, and there would be simultaneous interpretation (into Putonghua and English) throughout the Meeting;
2. shareholders present at the Meeting (the “Shareholders”) who would like to ask questions, would be directed to a designated microphone position;
3. only Shareholders, representatives of corporate shareholders and proxies would be entitled to ask questions at the Meeting; and
4. the Chairman would answer questions in the language in which they were asked and simultaneous translation of both the questions and answers would be provided by the interpreters.

Ms So also highlighted various housekeeping matters.

She then invited the Chairman to address the Meeting.



Chairman's Opening Remarks      The Chairman welcomed Shareholders to the Meeting and noted that he had invited the Company's advisers and others to attend the Meeting.

He advised that, to facilitate those shareholders who could not come to the Meeting, the Meeting would be video recorded and the webcast would be available on the Company's website within the following 24 hours.

The Chairman suggested Shareholders approach the Company's helpers at the Customer Service Counter and the Shareholder Service Counter outside the entrance of the Meeting hall if Shareholders' questions were on railway operations or related businesses, property management or shareholders' services, or were personal in nature.

Notice      As there was a quorum present, the Chairman declared the Meeting open.

The Chairman proposed and, with permission from Shareholders, the Notice convening the Meeting, which had been distributed to shareholders and uploaded onto both the Stock Exchange's and the Company's websites in mid-April, was taken as read.

Chairman's Statement      The Chairman commenced the Meeting by welcoming the Company's new Directors, who had been appointed after the Company's 2015 Annual General Meeting. They were Dr Allan Wong Chi-yun and Mr Lau Ping-cheung, Kaizer, who had joined the Board as Independent Non-executive Directors in August 2015.

The Chairman noted that, in relation to the Executive Directorate, Dr Jacob Kam had been promoted as the Company's Managing Director – Operations and Mainland Business, and a few new members had joined the Executive Directorate, including Ms Linda So, Corporate Affairs Director, Dr Peter Ewen, Engineering Director and Mr Adi Lau, Operations

Director.

The Chairman thanked Dr Raymond Ch'ien Kuo-fung, the Company's former Chairman, and Ms Christine Fang Meng-sang, the Company's former Independent Non-executive Director, who had retired in January 2016 and August 2015 respectively, for their valuable contributions to the Company. The Chairman also thanked Mr Edward Ho Sing-tin for his valuable contributions to the Board and the Company over the past 24 years, noting that Mr Ho would retire as an Independent Non-executive Director of the Company after the Meeting. A big round of applause was given to Dr Ch'ien, Ms Fang and Mr Ho.

The Chairman then shared with Shareholders some of the topical issues relating to the Company as summarised below.

In response to public and other stakeholders' opinions supporting an early review of the Fare Adjustment Mechanism ("FAM") in advance of the next scheduled review in 2017/18, the Company had announced its agreement to conduct a joint review of the FAM with Government, which would commence later in the year. The Chairman noted that the existing formula used in the FAM was objective and transparent and that the mechanism also ensured that the Company had a sustainable financial model, which underpinned the Company's ability to maintain its quality services and enhance its railway assets. In carrying out the review, the Company would engage with different stakeholders, including shareholders, to seek their views, and would also continue to coordinate with Government on the process and timetable for the joint review.

In relation to the Express Rail Link ("XRL") project, the Chairman advised that the XRL Agreement between Government and the Company had become unconditional, following approval by the Company's shareholders in February 2016 and approval for Government's additional funding by the Legislative Council's Finance Committee in March 2016. The



Company had also announced that the first tranche of the Special Dividend in the amount of HK\$2.20 per share would be paid in cash to eligible shareholders in July 2016.

The Chairman noted that, as supported by the Chief Executive in his Policy Address, the Company would be launching the “MTR Academy”, a vocational institution focused on the training and development of talent and professionals for the railway and transport industries, in the second half of 2016.

On the operations front, the Chairman reported that the overall performance of the Company’s train service in 2015 had been one of the best since the Rail Merger. 599 weekly train services had been added on some of the Company’s Heavy Rail and Light Rail routes in 2015, bringing the total number of train trips to an average of around 8,000 a day. He noted that, notwithstanding the increase in train services, the Company had continued to deliver world class service performance with on time performance of the Heavy Rail network maintained at 99.9%. To support such a high level of service, the Company had invested over HK\$7 billion in 2015 on maintenance and enhancements of its railway systems.

The Chairman noted that, as a token of appreciation to customers, a “Happy Birthday • Happy Journey” campaign had been launched in April 2016 and customers with Hong Kong Identity Cards whose birthdays fell on a lucky day drawn by celebrities for each month would be eligible to redeem a birthday pack from the Company.

The Chairman advised that the Company had launched “Rail Gen 2.0” in January 2016, which encompassed significant ongoing enhancements to the Company’s existing railway network and the delivery of four railway extensions over the following few years. When completed, “Rail Gen 2.0” would offer passengers increased services, an enhanced travelling environment and an extended network.

With regard to the four railway extension projects in Hong Kong, the Chairman advised that reasonable progress had been made. As at March 2016, the XRL was 78.9% complete, the South Island Line (East) (“SIL(E)”) was 94.9% complete, the Kwun Tong Line Extension (“KTE”) was 95.5% complete and, for the Shatin to Central Link (“SCL”), the East West Corridor was 69.0% complete and the North South Corridor was 28.8% complete.

The Chairman noted that the KTE and the SIL(E) were targeted to open in the third or fourth quarter of 2016 and by the end of 2016, respectively. The Chairman also noted that, even though the technically complex works for the underpinning of the Admiralty Station extension were substantially complete, the completion of the remaining structural works in close proximity to the operating railway at Admiralty Station remained a challenge for achieving the target opening date of the SIL(E).

On the two government-owned rail extensions, which were projects being managed by the Company, the Chairman advised that the 26-kilometre XRL project had achieved a major milestone with the completion of tunnel excavation in December 2015. The Chairman noted that the remaining challenges for the XRL project included the completion of the roof structure for the West Kowloon Terminus and the maintenance of the pace of the concreting works and internal wall construction for the station. The estimated completion date for the project remained to be in the third quarter of 2018.

The Chairman noted that, as previously reported in the public domain, the programme for the 17-kilometre SCL had been impacted by a number of key external events, including the 11-month delay to the East West Corridor due to the archaeological finds at the To Kwa Wan Station site and the 6-month delay to the North South Corridor due to the late handover of a number of key construction sites to the Company. The Chairman



noted that the Company was reviewing the impact of these and other issues on the programme and cost of the SCL project, and aimed to report the outcome to Government later in the year.

The Chairman noted that, in addition to the four new lines currently under construction in Hong Kong, Government had issued its Railway Development Strategy 2014 in September 2014, which had identified seven new railway projects to be built in phases up to 2031, with the Tuen Mun South Extension, the Northern Link and the East Kowloon Line identified as priority lines. The Company would continue to support Government in its effort to bring the convenience of rail travel to even more corners of Hong Kong.

On the business front, the Chairman advised that the Company's transport operations in Hong Kong had recorded a 4.3% growth in revenue to HK\$16.9 billion in 2015. Total patronage on all MTR rail and bus passenger services in Hong Kong had increased by 1.8% to a record high in 2015. The number of train trips had increased to over 1.9 million on the Heavy Rail network and more than 1.0 million on the Light Rail network and, with that, the Company was carrying more than 5.5 million passenger trips per weekday across all MTR services.

In the Company's Hong Kong station commercial business, revenue had increased by 8.4% to just under HK\$5.4 billion in 2015, mainly due to shops in new stations and rental increases from station retail, coupled with a revenue increase from the telecommunications business.

In 2015, revenue from the Company's Hong Kong property rental and management businesses had increased by 8.2% to HK\$4.5 billion; while its Hong Kong property development business had also recorded a profit of HK\$2.9 billion. 2015 had also seen an active property tendering programme and, up to the first quarter of 2016, a total of seven property development sites had been awarded, which would

supply approximately 11,400 residential units when completed. The Company had also been investing in two new shopping centres in the Tai Wai and LOHAS Park package 7 developments, and had been expanding two of its existing shopping centres at Maritime Square and Telford Plaza. These projects, when completed over the following five years or so, would add over 120,000 square meters to the Company's shopping centre portfolio.

The Chairman noted that, beyond Hong Kong, the Company's businesses in the Mainland of China and overseas had continued to grow. However, operating profits from these subsidiaries had decreased by 27.3% to HK\$586 million in 2015, mainly due to adverse currency movements, property development marketing expenses and reduced project income. He noted that, assuming a constant exchange rate, and excluding the new start-up operations and marketing expenses, the operating profits from the Company's railway subsidiaries outside of Hong Kong had decreased by 2.9% only. On the other hand, the Company's associates had contributed a profit of HK\$126 million to the Company in 2015; a significant improvement compared to the loss of HK\$105 million in 2014.

The Chairman noted that, in addition to its existing subsidiaries and associates outside of Hong Kong, the Company continued to look for growth opportunities. He noted that, in Beijing, the concession agreement for Beijing Metro Line 16 had been signed in November 2015 and Phase 1 of this line was expected to open in 2016. In Sweden, the Company had been awarded the concession to operate and maintain the Stockholm Commuter Rail Systems, which connected Stockholm and the outer County areas with 53 stations and a route length of 241 kilometres. The concession was expected to start in December 2016.

The Chairman remarked that the Company, together with its subsidiaries and associates, operated 1,088.4 kilometres of railway, with 220.9 kilometres of rail network in Hong Kong and 867.5 kilometres of rail



network outside of Hong Kong, and had become truly international in scope and outlook.

The Chairman then gave an overview of the Company's 2015 financial results.

The Chairman noted that the Company had achieved solid financial results in 2015 overall, although the total profit for the year attributable to the Company's shareholders had decreased by 16.7% to HK\$12.99 billion.

Putting the financial performance in context and compared to 2014, the Chairman noted that the Company's total revenue had increased by 3.8% to HK\$41.7 billion; total operating profit before Hong Kong property development profits, depreciation, amortisation and variable annual payment (total "EBITDA") had increased by 4.5% to HK\$16.1 billion, and the EBITDA margin had risen to 38.7%. Excluding the Company's Mainland of China and international subsidiaries, revenue had risen by 5.8% and EBITDA had risen by 6.3%, with the EBITDA margin increasing slightly, by 0.2%, to 53.3%. The Company's recurrent profits for 2015 had increased by 6.7% to HK\$8.6 billion. Property development profit after tax of HK\$2.3 billion was 34.3% below 2014, which mainly came from the booking of profits from Hemera at LOHAS Park. The Company's underlying earnings-per-share was HK\$1.87.

The Chairman noted that, in line with the Company's "progressive" regular dividend policy, the Board had recommended a final dividend of HK\$0.81 per share, resulting in a full year dividend of HK\$1.06, an increase of 1% over 2014. Subject to Shareholders' approval at the Meeting, this would be the ninth consecutive year of dividend increases, and Shareholders might also opt to receive their dividends in scrip. The Chairman added that this was in addition to the First Special Dividend of HK\$2.20 per share, which would be paid to eligible shareholders as mentioned earlier at the Meeting.

The Chairman noted that the Company was well aware that, in order to sustain its growth, it had to operate responsibly. The Chairman noted that the Company had strived to achieve this by ensuring that customers' needs were met, treating employees with respect, using natural resources efficiently, managing the impact of the Company's operations on the environment, and contributing positively to the communities in which it operated.

The Chairman also noted that the Company had successfully launched "Youth Connect" during 2015, a new platform to house its existing and new youth development programmes, including the new Youth Forum advisory panel. The Chairman added that members of the public would soon be able to visit the MTR Gallery, an interactive exhibition corner at Kowloon Station featuring multimedia displays on the past, present and future of Hong Kong's railway development. The exhibition corner would be open for public booking for guided tours later in the year.

The Chairman noted that there had been a slowdown in the economy in Hong Kong towards the end of 2015, marked by declining retail sales, a slowing residential property market, and a slowdown in growth in the Mainland of China. In December 2015, the US Federal Reserve had announced a 25 basis points increase in its federal funds rate, with an indication that there could be further increases in 2016.

The Chairman noted that, even though many of the Company's businesses had a degree of resilience against slower economic growth, rental reversions in its station shops and shopping centres were dependent on market conditions and its advertising business was expected to be more susceptible to the slowdown in economic growth.

With respect to the Hong Kong property development business, the Chairman noted that, subject to market conditions, the Company expected to tender out three property development packages over the next twelve



months or so. The three packages would include one package at LOHAS Park and the Company's first property development packages at the Ho Man Tin and Wong Chuk Hang developments.

The Chairman noted that the Company remained committed to its shareholders and to the Hong Kong public to deliver in every area of its business operations.

Finally, the Chairman thanked his fellow Board Members, colleagues and staff for their remarkable and relentless contributions and commitment. The Chairman noted that, although there remained challenges ahead, he was confident that MTR would continue to serve Hong Kong well, and would continue to be recognised as a premier brand that Hong Kong would be proud to call its own.

#### Voting Procedures

Before considering the resolutions, the Chairman exercised his right as the Chairman of the Meeting under Article 71 of the Company's Articles of Association (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 72 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 that, as before, 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 ("HKSE") in accordance with the Rules Governing the Listing of Securities on the HKSE (the "Listing Rules").

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

The Chairman thanked Mr Wong and noted that all Directors of the Company recommended the Shareholders to vote in favour of each of the proposed resolutions set out in the Notice of the Meeting.

Directors'  
Report and  
Audited  
Statement of  
Accounts

The Directors' Report and the audited Statement of Accounts for the year ended 31 December 2015 were taken as read with the permission from the Shareholders.

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 2015), he asked whether there were any questions from the floor relating to the proposed resolutions. The Chairman noted that for questions not related to the proposed resolutions, he would be pleased to answer or request the Company's management to answer them outside the Meeting. He also reiterated that there was a service counter outside the Meeting hall at which questions relating to railway operations or shareholder services could be raised and answered separately.

**Madam Principal Chan**, Shareholder, said that she had attended the Company's Annual General Meeting for many years and had successfully lobbied for the HK\$2 fare concession for the elderlies in Hong Kong. Madam Principal Chan said that she would like to talk about dividends, lifts at stations and fares.



Madam Principal Chan opined that the dividend payout of the Company was not high and noted that the Company would have to borrow money to pay the Special Dividends.

She said that she would like the Company to consider lowering its fares. She suggested that Government could consider using a portion of its dividends from the Company to offer fare concessions to senior citizens. Madam Principal Chan opined that all transportation fares in Hong Kong were expensive, especially for young people, and said that she hoped Government could take the lead in lowering the fares for all forms of transportation.

Madam Principal Chan noted that she lived at Mei Foo and that she had been requesting a lift to be installed at Exit A of Mei Foo Station for many years. She had heard that the lift would only be available after 2018 and requested that it be installed earlier.

Madam Principal Chan pointed out that a lot of parents helped their sons / daughters to get the MTR Fare Saver concession and suggested that the MTR fare concessions and rebates be simplified, for example, by offering a free trip for every ten trips, or by offering a 15% to 20% discount for return trips.

The Chairman thanked Madam Principal Chan for her suggestions and comments, and noted that he had expressed his personal opinion about fare reductions separately before. The Chairman noted that the Company's Board had to deal with conflicting demands at times and explained the dilemma facing the Company: on the one hand, the Company was under pressure from the public to lower fares but, on the other hand, lowering fares could have an impact on the profits and the dividend payout of the Company, which would affect the interests of the Shareholders. The Chairman opined that it was difficult for a listed company to try and resolve such a major livelihood issue on its own. He noted that the Company needed to strike the right

balance and, in addition to the Shareholders, it also needed to take note of the interests of different stakeholders. The Chairman recognized that the Company had an onerous responsibility to the public; however, there were other factors that the Company needed to consider as well.

The Chairman noted that the Company had offered many fare concessions throughout the years and would be announcing the concessions for 2016/17 on 30 May 2016.

The Chairman reiterated that the conflicting objectives the Company faced were not something that the Company, as a listed company, could resolve on its own. The Chairman agreed with Madam Principal Chan and opined that Government's help would be needed to address the issue of fares for all forms of transportation. The Chairman noted that the carrying capacity of MTR was approaching saturation already and that lowering the fares of MTR alone would attract even more passengers to the network and further exacerbate the crowding issue, potentially leading to a deterioration in service quality.

The Chairman refuted comments that the Company's service quality was not good and remarked that the service quality of MTR was world class and well recognised internationally. The Chairman reiterated the Company's difficulties in balancing the interests of different stakeholders and hoped that Shareholders and the public would understand the dilemma that the Company faced.

The Chairman expressed his personal agreement with Madam Principal Chan's suggestion that Government could make use of the Company's dividends to help the public and, regarding the installation of a lift at Mei Foo Station, he noted that the management team had heard the comment and would bear that in mind.

**Mr To Kai Yu**, Shareholder and a proxy, noted that he came to the Meeting to follow-up on a question that he



had raised at last year's Annual General Meeting relating to additional exit(s) at Heng On Station on the Ma On Shan Line. Mr To noted that one year had elapsed, during which the platform of Heng On Station had been expanded and Government had also confirmed that there would be Home Ownership Scheme developments constructed opposite Heng On Station, which would result in additional passengers using Heng On Station. Mr To hoped that the Company would address the issue and provide additional exit(s) at Heng On Station.

The Chairman took note of Mr To's suggestion and mentioned that Dr. Philco Wong, Projects Director, would look into this.

**Mr Bill Tsang**, Shareholder, referred to the Chairman's earlier comments about the conflicting demands of reductions in fares and increases in dividend payouts, and expressed his disagreement that there was a conflict. Mr Tsang opined that operational efficiency and effectiveness were the key and that, if the operations were efficient and effective, both goals could be achieved.

Mr Tsang pointed out that the Company not only provided train services but it also had a lot of property development projects. He opined that if the Company could develop and manage its property projects well, it would enhance Shareholders' confidence in the Company. Mr Tsang noted that he had been an owner of Royal Ascot for around twenty years and he had not expected that the repair and maintenance costs for the Company's depot would have to be borne by the owners of Royal Ascot (the "Owners").

Mr Tsang opined that the operational efficiency of the Company's property management arm seemingly was very low, and quoted the examples of a cost of HK\$1.4 million for the repair of a 5-meter hole in an underground sewer and HK\$170 million for the repair of the entire underground sewer at Royal Ascot. Mr Tsang alleged that, when the Company talked about 99.9% on-

time service delivery in its train services, it failed in 99% of the property management cases.

Mr Tsang noted that the Owners were willing to bear the relevant repair and maintenance costs if they were proved to have maintenance responsibility over the sewer. However, he claimed that the Owners had been requesting for copies of plans to verify that the underground sewer was indeed part of the "Development Common Areas and Facilities" of Royal Ascot for almost two years, but the plans had still not been provided to them. Mr Tsang noted that the Company had continued to request for the payment of the repair costs for the sewer from the Owners and alleged that this was a bad reflection on the integrity of the team. Mr Tsang expressed his concern that the Company would become like HSBC or Citibank, with a drastic drop in its share price.

Mr Tsang said that the Owners' request was simple - to obtain the plans so as to determine the relevant responsibilities. Mr Tsang claimed that the Owners had not been shown the plans despite repeated requests and alleged that the Company had been trying to hide the facts and had committed serious negligence or was attempting to defraud the Owners.

The Chairman noted that Mr Tsang had made a very serious accusation and expressed strong disagreement with such an unsubstantiated allegation; he further requested Mr Tsang to refrain from making allegations that the Company had attempted to defraud anyone.

The Chairman nonetheless thanked Mr Tsang for expressing his views. He said that, since Mr Tsang had alleged that there was an issue with the Company's management of the relevant estate, he would ask the Company's CEO to look into the matter.

Mr Tsang claimed that the former Chairman, Dr Raymond Ch'ien Kuo-fung, had made a similar promise the previous year, but neither the CEO nor the Property Director had made any effort to look into the issue. He



noted that, as a shareholder, he considered that efficiency, effectiveness and integrity were all very important traits.

The Chairman took note of Mr Tsang's comments and reiterated that the CEO would look into the matter. When asked by Mr Tsang for an indication of the timeline for a response, the Chairman noted that it would depend on the complexity of the issue, but said that he believed management would progress the matter as soon as practically possible.

**Mr Tang Cheung**, a proxy, asked why only one refreshment pack would be given to him when he represented more than one shareholder at the Meeting.

The Chairman thanked Mr Tang for his question. He replied that, after checking with the Legal Director and Secretary, there should be enough refreshment packs for the shareholders and proxies attending the Meeting.

**Mr Law Gan Yau**, Shareholder, noted that he lived in a property developed by the Company and said that he had a question on corporate governance. Mr Law opined that the Company could have a conflict of interest in respect of the different properties under its management. Mr Law quoted examples where there could be ambiguities and conflicts of interest, including where expenses had to be apportioned amongst different depots, train operations, and residential estates.

Mr Law opined that, if such ambiguities, including the apportionment of expenses, were not handled well, the goodwill of the Company would be impacted and the value of the properties developed by the Company would be affected as well, leading to reduced revenue and profit for the Company. Mr Law asked if the Company had a policy to resolve such conflicts of interest.

The Chairman thanked Mr Law for his question and invited Mr David Tang, Property Director, to respond to

the question.

Mr Tang thanked Mr Law for his question and noted that the Company strived very hard to serve and manage the properties under its management. Mr Tang noted that each property development was governed by its Deed of Mutual Covenant (“DMC”) and that the Company followed the terms of the relevant DMC strictly in its management of the relevant property. Mr Tang also suggested Mr Law to approach the service counter outside the Meeting hall if he had any further questions.

The Chairman thanked Mr Law again for his question and reassured Mr Law that management would look into the issues he raised.

**An anonymous Shareholder** pointed out that, even though there were priority seats on MTR trains, very often, these seats were occupied by young people and students, rather than those in need. He noted that only sporadic broadcasts were made on the trains to appeal to passengers to give their seats to those in need. He suggested that such messages should be broadcast more frequently and ideally when the train departed from every station platform.

The Chairman thanked the Shareholder for his comments and shared his view that young people should offer seats to those in need. The Chairman noted that the Company would explore what else could be done. He also pointed out that public education had an important role to play in this issue and suggested that the media should help to promote this kind of good behaviour.

**Mr Stephen Yuen**, Shareholder, noted that for historical reasons, the Company had a lot of odd lots of shares in issue. He appealed to the Company to provide flexibility under its Scrip Dividend Scheme and allow Shareholders to opt for the receipt of the dividend partly in Scrip Shares and partly in cash, so that the odd lots of shares could be consolidated into board lots.



Mr Yuen also noted that there could be different ways of determining the Relevant Value of the Scrip Shares and in acquiring the Scrip Shares for a Scrip Dividend Scheme, for example, the Relevant Value could be pre-determined before Shareholders made their choice or could be determined based on the market value of the shares after the choice had been made; and the Scrip Shares could be purchased from the open market, in which case there would be no dilution as a result of the issue of the new shares.

Mr Yuen noted that he had two questions, namely:

1. Could shareholders specify the number of Scrip Shares they wanted to receive and then opt to receive the remaining dividend in cash?
2. Would the Scrip Shares be purchased from the market or would they be new shares issued by the Company?

The Chairman thanked Mr Yuen for his suggestions and noted that the Company Secretary would look into his first suggestion. He then invited Ms Gillian Meller, Legal Director and Secretary, to address the second question from Mr Yuen.

Ms Meller noted that the Scrip Shares would be new shares issued by the Company.

Mr Yuen reiterated that the shareholding of the existing shareholders would be diluted and suggested the Company to consider buying the Scrip Shares from the market.

Mr Lincoln Leong, CEO, in response to Mr Yuen's suggestion, pointed out that many listed companies also adopted the same approach and issued new shares for Scrip Shares.

**Ms Fung**, Shareholder and a proxy, opined that even though the handset used for electronic poll voting was

very sophisticated, it still had room for improvement. She noted that only her name, but not the name of the shareholder who had nominated her as a proxy, was shown on the handset. Ms Fung noted that her voting intention could be different from the shareholder who nominated her as a proxy, but the handset was not capable of supporting different voting instructions for their respective shareholdings.

The Chairman thanked Ms Fung for the comments and noted that the comments would be passed onto Computershare for consideration.

**Ms Lau**, Shareholder, referred to Mr Tang's earlier comment about the DMCs for managed estates and noted that, according to the DMC for Royal Ascot, "A set of plans showing the Common Areas and Facilities and any subsequent amendments thereto shall be kept at the Management Office on the First Floor of the Podium and may be inspected by the Owners PROVIDED THAT the Manager shall provide free of cost a set of such plans and any subsequent amendment thereto for the Owner of the Government Accommodation". Ms Lau noted that she was both a shareholder of the Company and an owner of Royal Ascot. She claimed that the owners of Royal Ascot had not been shown the plans as stipulated in the DMC when they had demanded to inspect the same at the Management Office. She noted that Mr Tang should investigate the matter and provide the Owners with an answer as soon as possible.

The Chairman thanked Ms Lau and took note that there seemed to be quite some grievances amongst the owners of Royal Ascot. He reiterated that the CEO would look into and follow-up the issues raised relating to Royal Ascot.

The Chairman thanked the Shareholders again for their cooperation and reassured them that their comments and suggestions were well noted and that management would follow-up as required.

With no further questions raised by the Shareholders,



the Chairman then conducted the poll on Resolution 1.

As more than 50% of the votes were casted 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 2015 of HK\$0.81 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 casted in favour of Resolution 2, the Chairman declared Resolution 2 carried.

Re-election / Election of Retiring Directors In accordance with the Articles, Mr Vincent Cheng Hoi-chuen, Mr Lau Ping-cheung, Kaizer and Dr Allan Wong Chi-yun retired individually from the office of Directors and, being eligible, offered themselves for re-election / election at the Meeting.

The Chairman invited questions from the Shareholders about Resolution 3.

As there were no questions 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 casted in favour of Resolution 3(a), the Chairman declared Resolution 3(a) carried.

The Chairman proposed and conducted the poll on Resolution 3(b), that Mr Lau Ping-cheung, Kaizer be elected as a member of the Board of Directors of the Company.

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

The Chairman proposed and conducted the poll on Resolution 3(c), that Dr Allan Wong Chi-yun be elected as a member of the Board of Directors of the Company.

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

Election of New Director The Chairman proposed and conducted the poll on Resolution 4, namely, the ordinary resolution to elect Mr Anthony Chow Wing-kin as a new member of the Board of Directors of the Company.

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

Auditors The Chairman proposed and conducted the poll on Resolution 5, 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 casted in favour of Resolution 5, the Chairman declared Resolution 5 carried.

General Mandate The Chairman proposed Resolution 6, 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 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 allot, issue, grant, distribute and otherwise deal with additional Shares, to grant rights to subscribe for, or convert any security into, Shares (including the issue of any securities convertible into Shares, or options, warrants or similar rights to subscribe for any Shares) and to make or grant offers, agreements and options which will or might require such powers to be exercised during or after the end of the Relevant Period, be and is hereby generally and unconditionally APPROVED;
- (B) the aggregate number of Shares 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 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 from time to time,

shall not exceed ten per cent. of the aggregate number of Shares in issue as at the date of passing this Resolution 6 (subject to adjustment in the case of any conversion of any or all of the Shares into a larger or smaller number of shares in accordance with section 170(2)(e) of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) after the 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 date of passing 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 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;
- (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 6.

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

Share  
Repurchase  
Mandate

The Chairman proposed Resolution 7, 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 7

“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 HKSE 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 HKSE, in accordance with all applicable laws, including the Hong Kong Code on Share Buy-backs and the Listing Rules (as amended from time to time), be and is hereby generally and unconditionally APPROVED;

(B) the aggregate number 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 number of the Shares in issue as at the date of passing of this Resolution 7 (subject to adjustment in the case of any conversion of any or all of the Shares into a larger or smaller number of shares in accordance with section 170(2)(e) of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) after the passing of this Resolution 7), and the said approval shall be limited accordingly; and

(C) for the purpose of this Resolution 7:

(i) "Relevant Period" means the period from (and including) the passing of this Resolution 7 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 or by law to be held; and

(c) the revocation or variation of the authority given under this Resolution 7 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 conducted the poll on Resolution 7.

As more than 50% of the votes were casted 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 respective websites of the Company and the HKSE in accordance with the Listing Rules.

Conclusion        The Chairman thanked Shareholders for their attendance. There being no further business, the Chairman declared the Meeting closed at about 12:50 p.m. and reminded Shareholders to collect their refreshment packs on their way out.

(Signed by Prof. Frederick Ma)

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Chairman