

## **MTR Corporation Limited**

Minutes of the 9th Annual General Meeting (the ‘Meeting’) of MTR Corporation Limited (the ‘Company’) held at Rotunda 3 (6/F), Hongkong International Trade & Exhibition Centre, 1 Trademart Drive, Kowloon Bay, Hong Kong on Thursday, 4 June 2009 at 11:30 a.m.

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

Apologies Apologies were received from Professor Cheung Yau-kai, Ms. Eva Cheng and Mr. Alan Wong Chi-kong

In attendance Mr. Andrew Weir (representative of KPMG – Company Auditors), Mr. James Wong, Ms. Romy Cheng and Mr. P.C. Wong (representatives of Computershare Hong Kong Investor Services Limited – Company Registrar), Mr. Jason Webber and Miss Lisa Chung (representatives of Slaughter & May – Company Solicitors)

Facilitator Mrs. Miranda Leung 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 Cantonese or English translation 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 translations of both the questions and answers would be provided by the interpreter. She then introduced the Chairman.

Chairman  
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 on the Company's Website within around 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 for the prescribed period, was taken as read.

Chairman's  
Statement

The Chairman advised that the 2008 annual results was the first full year of performance after the Rail Merger in December 2007 with Kowloon-Canton Railway Corporation (the 'Merger'). He said the successful Merger implementation had enabled the Company to deliver the benefits of the Merger as promised. Coupled with the buoyant economic activities in the first half of 2008, the Company saw strong financial results. Moreover, over HK\$350 million synergies had been achieved ahead of schedule.

The Chairman then put the 2008 financial results in context. These included the total revenue of HK\$17.6 billion, EBITDA at HK\$9.3 billion, and net profit from the underlying business attributable to Shareholders (excluding the change in fair value of investment properties and the related deferred tax) of HK\$8.19 billion.

The Chairman said the Board of Directors had proposed a final dividend of HK\$0.34 per ordinary share which, when combined with the interim dividend of HK\$0.14 per ordinary share, would bring full year dividends to HK\$0.48 per ordinary share, an increase

of 6.7% over 2007. He also mentioned that the Government would, in accordance with its undertaking to the Company, continue to take a proportion of its dividend in scrip form such that up to 50% of the total dividend paid by the Company would be paid in cash.

Turning to the Company's performance in various businesses, the Chairman highlighted the total patronage on the integrated MTR System, overall share of the franchised public market, the public awards to Customer Service, Station Commercial and Rail Related businesses, Property Development, Property Rental and Property Management businesses, Ngong Ping Cable Car and associated theme village, as well as Octopus Cards.

The Chairman said year 2008 marked the era of the Company advancing its growth step-by-step, both in Hong Kong and overseas.

For serving the local community, he said the planning and design for the five new rail projects (i.e. the Shatin to Central Link, the Hong Kong Section of Guangzhou-Shenzhen-Hong Kong Express Rail Link, the Kwun Tong Line Extension, the South Island Line (East) and the West Island Line) were underway, and that both the LOHAS Park Station and the Kowloon Southern Link had been planned for opening in 2009. [Post-meeting Note: the LOHAS Park Station was opened on 26 July 2009. The Kowloon Southern Link commenced passenger service on 16 August 2009.]

Across the Border, the Chairman reported the signing of a Concession Agreement for the Build-Operate-Transfer project of Shenzhen Metro Line 4, the construction progress of Beijing Metro Line 4 [Post-meeting Note: the Line commenced operation on 28 September 2009], and the signing of a Concession Agreement for the operation and maintenance of Shenyang Metro Lines 1 and 2.

For overseas, he gave a brief account of the award of an eight-year concession rights to operate the Stockholm Metro [Post-meeting Note: The Concession rights to operate commenced on 2 November 2009.], and the steady improvements to the London Overground.

Alongside business, the Chairman outlined the Company's effort on people development, underpinned by a new set of Vision, Mission and Values. He also gave recognition to the importance of good corporate governance, sustainability and community involvement.

Turning to 2009 and on fare, the Chairman said there was no adjustment pursuant to the Fare Adjustment Mechanism which took effect as part of the Merger. The overall fare adjustment rate for 2009 of +0.7% would therefore, be carried forward and incorporated in 2010 adjustment rate.

He said the global financial turmoil was impacting the home economy, and the Company's Airport Express business had been affected. Other station commercial businesses, particularly advertising, were also facing challenges, although the long term fundamentals remained robust.

On property development business, the Chairman reported the commencement of sales of units at Lake Silver (Wu Kai Sha) and the expected issuance of Occupation Permit for Phase 1 of LOHAS Park Package 2 in the second half of 2009, thus allowing for booking of profits. Property tendering would be based on market conditions, having secured necessary planning and land grant approvals.

Before ending, the Chairman thanked Professor Cheung Yau-kai who would retire after the Meeting, for his significant contribution and long service to the

Company. He also thanked all his other fellow Board Members and MTR staff for their dedication and support in making 2008 another year of success, and paving way for continued growth in 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.

The Chairman further exercised his right as the Chairman of the Meeting under Article 68 of the Articles to decide that an electronic voting system would be used to conduct the poll on each resolution to be proposed at the Meeting, in order to minimise the time spent on counting the votes.

The Chairman said same 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 Rules Governing the Listing of Securities on the Exchange.

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 2008 were taken as read with permission of all Shareholders present at the Meeting.

Auditors' Report Mr. Andrew Weir of KPMG summarised the Auditors' Report to the Meeting.

The Chairman thanked Mr. Weir and 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 2008.

Mrs. Chan, a Shareholder, praised the Chairman and Mr. C.K. Chow, the Chief Executive Officer, for doing good jobs. She then asked the following questions:

- (1) Whether the Company would continue the flat fare of HK\$2 promotion on Wednesdays and public holidays for senior citizens ('HK\$2 Promotion').

Ms. Yeung replied that the HK\$2 Promotion was still valid until end August 2009; the Company was considering relevant information, and an announcement on the decision (including the duration) would be made soon. [Post-meeting Note: The HK\$2 Promotion had been extended to 28 February 2010 and further to 31 August 2010.]

- (2) Whether Mr. Chow would continue his service after his contract expired in 2009 etc.

In response, Mr. Leonard Turk, the Legal Director & Secretary, said the Company already announced by way of a Press Release that Mr. Chow had been reappointed for 2 years and 1 month until end of December 2011.

- (3) For how many times that Directors could renew their respective term of office.

In answer to that, Mr. Turk said except for the Directors appointed by Government, [Post-meeting Note: i.e. The Secretary for Transport & Housing and the Commissioner for Transport] one-third of other Directors should, under the Company's Articles of Association, retire by rotation at each annual general meeting and if they so wish, they would stand for re-election at that meeting. Each of those Directors was, therefore effectively appointed for a term of approximately three years. Subject to the above, there was no limit on the number of times for Directors to stand for re-election by Shareholders.

- (4) The basis for determining the level of dividend payments.

Mr. Leong replied that the full year dividends of 48 cents per share in 2008 would already exceed the 2007's by 6 - 7%. The Board of Directors would take the Company's profitability each year etc into account, in considering level of dividend payment for that year.

Ms. Choi (transliteration only) who identified herself as a Shareholder, enquired for how long that the Company would take in sorting out the platform gap issue at the University Station. The Chairman thanked Ms. Choi for her question. He said the Company considered passenger safety as the most important task in the operating railway, and the Company was in the progress of dealing with the platform gap matter. He then invited Mr. McCusker, the Operations Director, to supplement.

Mr. McCusker assured that the Company had taken passenger safety most seriously. He added that the trial of mechanical gap fillers which hopefully, would enable the Company to obtain design and other technical information in deciding whether it was the way forward was underway, and the trial would have to continue for a few more months.

Ms. Cheung who identified herself as a Shareholder, asked the following questions:

- (1) Reason for a 70% increase in the cost of construction of West Island Line ('WIL'). She said this was notwithstanding that it could possibly be due to the bringing forward of the time of construction by Government.

In reply, the Chairman said the Government's indices indicated that the level of increase in construction cost during 2006 – 2008 was as high as about 90%. The said 70% increase in the WIL construction cost was after the discreet assessment of the Company.

He reminded that WIL was a community - oriented rail line. The construction was, therefore underpinned by the consideration of the local heritage and environment related issues. This was in addition to the strong view within the community for the construction of WIL to be commenced as soon as possible.

He then invited Mr. Black, the Projects Director, to supplement.

Mr. Russell Black said it was not an issue of contractors charging very high costs above market costs, as construction contracts had to be tendered on a competitive basis to ensure achieving the best market price for the Company.



- (2) Whether the Company had (i) provided a buffer in their WIL budget to cater for an unanticipated increase in the project cost, and (ii) confidence in recovering the project cost as planned.

In reply, the Chairman said as the Company was a listed entity, a prudent approach had been taken in the assessment of the project cost and return. Moreover, Government would keep an eye on monitoring the cost and procedures of the Project during the construction. He reminded that if the construction cost, on completion of the Project, was lower than the assessment, the agreement with Government was that the difference would have to be returned to them. On the other hand, the Company had taken the business risk of absorbing the difference in the event that the construction cost was higher than the estimation.

The Chairman was of the view that the above which was concluded after lengthy discussions with Government, had taken the interest of stakeholders into consideration, and was a fair arrangement to them.

- (3) Whether it was the case that the Company would sell their assets etc in a couple of years' time, and if so, the extent of disposal.

In reply, the Chairman said the Company had no plan of disposing their assets. He suggested Ms. Cheung to write to the Company for the attention of Corporate Relations Department or Investor Relations Department regarding questions not directly related to the Meeting.

A lady who had not identified herself enquired the basis upon which the Company determined the location of a new line and its stations, and whether this would be subject to change notwithstanding after announcement, by using Shatin-Central Link as an example.

The Chairman invited Mr. Black to address the questions. Mr. Black replied that the decision on new lines and their locations was primarily dictated by Government's Railway Development Strategy 2000 which was updated from time to time by Government.

From the Company's business point of view, he said the Company would like to serve areas that had the largest residential or employment catchment to maximize the patronage and service to the community with the railway. In terms of local positioning of stations and local alignment, the Company would seek to provide a good transport service and maximize the number of patronage to support the business case.

Mr. Lau, who identified himself as a Shareholder, suggested changing the HK\$2 Promotion from Wednesdays back to Sundays as majority of his family members had their day off on Sundays as well. The Chairman thanked Mr. Lau for his question and invited Ms. Yeung to say a few words.

Ms. Yeung said according to the statistics, the number of senior citizens using the HK\$2 Promotion on Wednesdays had doubled compared to Sundays. It appeared therefore, that senior citizens preferred Wednesdays to Sundays. She added that the Company would take that into account and other relevant factors in reaching a decision.

Madam Chan (the Shareholder who first raised her questions at the Meeting) had two other questions:

- (1) Reason for Mr. Chow, the Chief Executive Officer, not requiring to be re-elected at the Meeting since his contract would expire in

December 2009. She said she would like Mr. Chow to continue with his service as he had been doing his job well.

In reply, Mr. Chow thanked Madam Chan for her kind words. He said the Company had already extended his service contract as the Chief Executive Officer to 31 December 2011. With regard to his term of office as a Member of the Board, he said Shareholders had already re-elected him previously and he is not up for re-election this time. [Post-meeting Note: The re-election took place in the 2007 Annual General Meeting].

- (2) Reason for Ms. Cheng only attended five, and Professor Chan attended six, out of a total of nine Board Meetings in 2008. She was of the view that the other Meetings attended by their respective alternate should not be regarded that they had attended those Meetings themselves. She said Professor Chan who represented the Government as the major Shareholder, should attend this Meeting.

In response, the Chairman said it was often that those Government Officials had a very busy work schedule. The fact that their alternates attended the Board Meetings on their behalf was proper under the relevant rules. The alternates also had been delegated the full power from the Officials when they attended the Meetings.

As Chairman of the Company, he opined that every Board Member had discharged his/her responsibility to safeguard the interests of the Company and Shareholders.

Having no questions from Shareholders, the Chairman proposed Resolution 1, namely 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 2008.

The Chairman then conducted the poll on Resolution 1.

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

**Final Dividend** The Chairman invited questions from Shareholders about Resolution 2, namely the ordinary resolution to declare a final dividend for the year ended 31 December 2008 of HK\$0.34 per ordinary share, as recommended by the Board of Directors.

Having no questions from Shareholders, the Chairman proposed and conducted the poll on Resolution 2.

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

**Directors** In accordance with the Company's Articles, Mr. T. Brian Stevenson and Dr. Raymond Ch'ien Kuo-fung (Chairman) retired individually from the office of Directors and, being eligible, offered themselves for re-election. The Chairman invited questions from Shareholders about Resolution 3.

Having no questions from Shareholders, the Chairman invited Mr. Edward Ho to propose Resolution 3(a) 'That Dr. Raymond Ch'ien Kuo-fung be re-elected as a member of the Board of Directors of the Company' and conducted the poll on Resolution 3(a).

As more than 50% of the votes had been cast 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. T. Brian Stevenson be re-elected as a member of the Board of Directors of the Company.

As more than 50% of the votes had been cast in favour of Resolution 3(b), the Chairman declared Resolution 3(b) 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 had been 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, not exceeding ten per cent. of the issued share capital of the Company at the date of this Resolution, details of which were 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 Pre-Global Offering Share Option Scheme, the Rules of the Company's New Joiners Share Option Scheme and also 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.”

Having no questions from Shareholders, the Chairman conducted the poll on Resolution 5.

As more than 50% of the votes had been 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, details of which were 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 had been 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, details of which were 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 sub-paragraph (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 had been cast in favour of the Resolution 7, the Chairman declared Resolution 7 carried.

Amendment to  
the Articles

The Chairman proposed Resolution 8, namely the special resolution to amend the Articles to permit the Company to deliver or serve any notice or other document, including any corporate communication, to or on its shareholders by publishing it on a computer network, including the Company's website, details of which were set out in the Notice of the Meeting as follows:

“THAT the Articles of Association of the Company shall be amended as follows:

(A) Article 138 shall be amended as follows:

- (i) the words ‘, any notification of the publication of any notice or other document on a computer network, and any other corporate communication (as defined in the Listing Rules)’ shall be added immediately after the words ‘a share certificate’;
- (ii) the word ‘or’ at the end of paragraph (c) shall be deleted;
- (iii) the word ‘or’ at the end of paragraph (d) shall be deleted;
- (iv) the following shall be added immediately after paragraph (d) as the new paragraph (e):

‘(e) by publishing it on a computer network (including the Company’s website); or’; and

(v) the existing paragraph (e) shall be relettered as paragraph (f); and

(B) Article 141 shall be amended as follows:

(i) the following shall be added immediately after paragraph (d) as the new paragraph (e):

‘(e) If a notice or document is served or delivered by the Company by publishing it on a computer network (including the Company’s website), it is treated as being served or delivered on the day on which the notification of such publication is served or delivered or where no such notification is required by legislation or the Listing Rules, the day on which the notice or document first appears on the computer network concerned.’; and

(ii) the existing paragraph (e) shall be relettered as paragraph (f).”

#### Poll Results

The Chairman advised that the results of the poll would be published on the Company’s website and the Exchange’s website on 5 June 2009 in accordance with the Listing Rules.

Conclusion

There being no further business, the Chairman declared the Meeting closed at 12:52 p.m.

(Signed by Dr. Raymond Ch'ien)

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Chairman