

MTR Corporation Limited 香港鐵路有限公司

Minutes of the 14th Annual General Meeting (the “Meeting”) of MTR Corporation Limited 香港鐵路有限公司 (the “Company” or “MTRCL”) held at Rotunda 3 (6/F), Kowloonbay International Trade & Exhibition Centre, 1 Trademart Drive, Kowloon Bay, Hong Kong on Thursday, 8 May 2014 at 11:30 a.m.

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

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: Mrs. Pamela Chan Wong Shui, Dr. Dorothy Chan Yuen Tak-fai, Ms. Mable Chan (Alternate Director to Professor Chan Ka-keung, Ceajer), Mr. Vincent Cheng Hoi-chuen, Ms. Christine Fang Meng-sang, Professor Frederick Ma Si-hang, Mr. Alasdair George Morrison, Mr. Ng Leung-sing, Mr. Abraham Shek Lai-him and Mr. Jay Herbert Walder (Board Member, Chief Executive Officer (“CEO”) and a Member of the Executive Directorate).

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

In Attendance Ms. Ivy Cheung 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. Simon Chan (representatives of Slaughter & May – the Company’s External Legal Advisers).

Facilitator

Ms. May Wong welcomed everyone to the Meeting. She informed attendees 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;
- (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 translation of both the questions and answers would be provided by the interpreters. She also highlighted various housekeeping matters.

Ms. Wong then introduced the Chairman.

Chairman’s
Opening
Remarks

The Chairman said that 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 video recorded and the webcast would be available on the Company’s website within 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 shareholders and uploaded onto both the Stock Exchange's and the Company's Websites in early April, was taken as read.

Chairman's Statement The Chairman commenced the Meeting by welcoming the Company's three new Independent Non-Executive Directors ("INEDs") who had joined the Board in July 2013. They were Mrs. Pamela Chan, Dr. Dorothy Chan, and Professor Frederick Ma, all of whom were present.

The Chairman started the Meeting by talking about the Hong Kong section of the Express Rail Link (the "XRL") project, in relation to which the Company had announced a revised programme with the completion date put back to 2017. He said he knew that this issue had been the subject of much public attention and shareholders would want to be kept apprised of the latest situation. He then advised that, on 5 May 2014, the Company attended the meeting of the Legislative Council's Transport Panel Subcommittee on Matters Relating to Railways (the "Subcommittee") to give a full report on the progress of the XRL project to date and that, prior to the said meeting, the Company had prepared a detailed document which set out a full and honest account of the reasons behind the delay, the lessons learned and the mitigation measures implemented to address the challenges faced on the project. A copy of that document could be accessed via the Company's website.

The Chairman said that both the CEO and he had apologised to the Subcommittee and to the public for the Company's failure to communicate fully and on a timely basis in relation to the challenges that the Company was facing. He also regretted any impact that shareholders felt this issue might have had on them.

The Chairman advised that the Board of MTRCL took this matter very seriously and the Company had put in place a number of measures to deal with the issues that had arisen. Among them was a committee comprised of INEDs, which would review the management of the XRL project and make recommendations to ensure that the Projects Team, the management and the Board could more effectively monitor and drive the project forward. In addition, he noted that Professor Ma had kindly agreed to chair the committee, which would be advised by external experts.

The Chairman remarked that, equally importantly, the Company had a clear, realistic and achievable plan to take the XRL project forward for operation in 2017 and the Board, MTRCL management and the many contractors with which it worked on the project were fully committed to delivering the project in line with the revised programme.

Turning to the Company's Hong Kong railway operations, the Chairman noted that there were a few service interruptions in the first few months of 2014 which had caused public concern and had brought inconvenience to the Company's passengers. The Company took each incident very seriously and had worked hard to identify the root causes and seek improvement to avoid reoccurrence.

Having said that, the Chairman pointed out that the train service that the Company's passengers received day in and day out throughout 2013 had maintained an on-time performance of 99.9%, meaning that, on average, a customer experienced a delay only once for every 1,000 trips that he or she took on the MTR.

The Chairman reassured shareholders that the Company's commitment to provide safe and reliable rail services to its passengers was as strong as ever. To this end, the Company had invested over \$5.6 billion in 2013 to maintain and upgrade its railway assets. A lot of these works were done in the overnight hours and so

passengers might not be aware of them, but they were of critical importance in maintaining the Company's strong safety performance and high operational standards.

The Chairman added that passengers would have noticed the continued enhancements in the Company's train service made under the "Listening ♥ Responding" programme, which had added over 1,300 train trips a week since the launch of the programme in 2012 and up to the end of 2013. Starting from April 2014, enhanced services on a number of MTR lines and Light Rail routes had been rolled out to provide more convenient and comfortable journeys for MTR's passengers, with 313 additional weekly train trips for heavy rail and 148 services per week on Light Rail added. More coupled sets were also being deployed on the busier Light Rail routes. Stations had also been enhanced with new lifts, extra platform seating and free Wi-Fi.

The Chairman expressed that the Company was also listening and responding to its shareholders. He therefore announced that, firstly, in line with the Company's progressive dividend policy, the Board had recommended a final dividend of 67 cents per share, giving a full year dividend of 92 cents per share, which was an increase of 16.5% compared to 2012. Subject to shareholders' approval at the Meeting, this would be the seventh consecutive year of dividend increases.

Secondly, at the 2013 Annual General Meeting, a number of shareholders requested for the re-introduction of a scrip dividend option. The Chairman reported that, after careful consideration and subject to shareholders' approval at the Meeting, a scrip dividend option would be introduced for the 2013 final dividend.

The Chairman then gave an overview of MTRCL's 2013 Annual Results.

The Company had achieved solid financial results in 2013, with its recurrent businesses showing steady growth and its growth strategy making good progress. The Company's Hong Kong transport operations recorded increases in both patronage and market share while its station commercial and property rental businesses achieved higher revenues. 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 2012, the Chairman noted that the Company's total revenue had increased by 8.3% to HK\$38.7 billion. Total EBITDA was 11.7% at HK\$14.4 billion, and total EBITDA margin rose to 37.2%, assisted by an improvement, both operationally and financially, in the Company's Mainland of China and international businesses.

Due to the non-recurrent nature of the Company's property development business, profit after tax from this area in 2013, at HK\$1.2 billion, was 57.0% lower than 2012. Overall, the profit from underlying businesses came in 10.6% lower at HK\$8.6 billion and the underlying earnings-per-share in 2013 was HK\$1.48. However, the Company's recurrent profits were actually up 7.6% to HK\$7.4 billion.

Turning to the Company's various businesses, the Chairman reported that the total patronage from all of its rail and bus passenger services in Hong Kong had increased by 3% to 1.823 billion trips in 2013 and, with that, the Company was carrying 5.25 million passenger trips per weekday across all of its services. The Company's overall share of the franchised public transport market in Hong Kong had increased by 0.5 percentage points to 46.9% in 2013.

Revenue from the Hong Kong station commercial business had increased by 24.7% to HK\$4.6 billion in 2013, mainly due to rental increases at the Duty Free Shops in Lo Wu and Hung Hom stations, coupled with

revenue increases from the Company's advertising and telecommunications businesses.

The Hong Kong property rental and management businesses of the Company had generated HK\$3.8 billion in revenue in 2013, representing an increase of 11.1% over 2012. As foreseen and discussed in the preceding year, 2013 was a lean year in property due to the timing of profit bookings. The Company's Hong Kong property development business reported a profit of HK\$1.4 billion in 2013, comprising predominantly of the sale of inventory from The Riverpark and car parking spaces at various residential properties.

The Chairman continued that, beyond Hong Kong, the Company's railway subsidiaries in Stockholm, Melbourne and Shenzhen, together with its property rental and management businesses in the Mainland of China, had performed better than in 2012, both operationally and financially, generating an EBITDA of HK\$0.8 billion in 2013. The Company's railway associates were performing well operationally. However, on the financial side, given Hangzhou was only in its first full year of operation, the Company's share of the associates' financial results amounted to a loss of HK\$67 million in 2013.

Apart from its current subsidiaries and associates, the Chairman said the Company also continued to look into opportunities for growth. He then reported on the Company's growth initiatives outside of Hong Kong.

In the UK, the operation of the London Overground franchise through London Overground Rail Operations Limited ("LOROL") was extended for a further two years by Transport for London. In recognition of its excellent performance, LOROL was honoured as the European Commuter Operator of the Year at the inaugural European Rail Congress Awards held in London in November 2013.

Riding on LOROL's success, the Company submitted bids for both the Essex Thameside and the Thameslink, Southern and Great Northern franchises in December 2013. In 2014, the Company had also submitted bids for the Crossrail concession and the ScotRail franchise in February and April respectively, and the results should be known later in 2014.

In Australia, the Company was a leading part of one of the two consortia that had submitted bids in December 2013 for the Operations, Trains and Systems Contract for the Sydney Northwest Rail Link. At the same time, MTRCL was leading a consortium to take forward a project to transform the Dandenong Rail Corridor in Melbourne. Subject to the finalisation of procurement and financing of the project, construction was expected to start in 2015.

In March 2014, the Company's majority-owned subsidiary, Metro Trains Melbourne ("MTM"), was honoured with the prestigious Operator & Service Provider Excellence Award at the National Infrastructure Awards in Sydney, Australia, for the outstanding results achieved by MTM's Network Performance Improvement Teams in driving up punctuality and delivery of the train service in Melbourne to new highs in 2013 of 93.8% and 99% respectively.

Moving to Sweden, in early 2015, the Company would launch a new intercity train service called MTR Express, to connect Stockholm with Gothenburg, the two largest cities in Sweden, on a 455-km route. Operated by the Company's wholly-owned subsidiary, MTR Nordic, 110 weekly train trips would be provided.

In the Mainland of China, through its 49% owned associate, Beijing MTR, the Company opened phase 1 of Beijing Metro Line 14 in May 2013. Phase 2 and Phase 3 were expected to open in 2014 and 2015 respectively. The entire line would run for 47.3-km and would have 37 stations, including 10 interchange stations with the rest of the metro network in Beijing.

In February 2014, the Company also submitted, through Beijing MTR, a bid for Beijing Metro Line 16, another Public-Private-Partnership project. If successful in this bid, the Company's railway business in Beijing would be extended to 150-km by 2017.

The Chairman then turned to property development and noted that, in Shenzhen, the Company was developing Shenzhen Metro Longhua Line Depot Site Lot 1. Being the first MTR-branded property development in China, it was targeted for pre-sale as early as the end of 2014. As announced in August 2013, the Company's associate won the bidding for the land use right for a site at Beiyunhe Station on Tianjin Metro Line 6 in Tianjin, the fourth city in which MTRCL was investing in the Mainland. The site would be developed for residential and commercial use.

The Chairman summarised that MTRCL operated 755-km of rail network, employing around 16,000 men and women outside of Hong Kong. The Company had become truly multinational in scope and outlook.

Coming back to the Company's home base in Hong Kong, the Chairman reported that the Company remained committed to delivering XRL (an update in relation to which was provided earlier) and the other four major projects, expanding its rail service to more districts of Hong Kong.

Among those projects, the Company looked forward to the opening of the 3-km West Island Line in late 2014. This long-awaited service ushered in not only a new era of reliable and efficient transport for the Western District, it would also open up the rich culture and heritage of the district to the rest of Hong Kong.

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.

As for the 17-km Shatin to Central Link Project, while progress was being made, archaeological finds were uncovered along the route. The Company took these finds very seriously and would be working closely with

the Government to ensure that they were properly managed. Such issues might have an impact on the project programme and cost, but the Company understood their importance to the people of Hong Kong.

Apart from these five new lines, the Chairman updated that the public consultation by Government for the Review and Update of the Railway Development Strategy (the “RDS-2U”) to map out the long-term railway development blueprint of Hong Kong had been concluded, and the consultation results were expected to be announced soon. He said that the Company would continue to work with Government on the RDS-2U to fulfil public aspirations for sustainable rail development and to unleash the economic potential of areas along the railway lines.

In a report published by UITP (the International Association of Public Transport), Hong Kong was ranked the top in the recently updated Arthur D. Little Urban Mobility Index. This result, which had enhanced Hong Kong’s international status in terms of mobility, was mainly attributable to Government’s long-term vision and detailed planning in building up a comprehensive railway network, together with Hong Kong citizens’ support.

The Chairman also recognised the roles that sustainability and corporate responsibility (including, most importantly, community engagement) played in helping MTRCL to become a leading multinational company that connected and grew communities with caring service.

As regards sustainability, a unique Sustainable Competitive Advantage model was the management framework that guided the Company’s approach to sustainable development. It integrated the dynamics of risk management and stakeholder engagement to balance business risks and contributed to the long term development of communities. To this end, the Company focused on sustainability priorities that reflected a

longer-term focus for its business, ranging from resources management to societal development and climate change.

With the management framework in place, the Company's sustainable approach to business was underpinned by the Company's integrated "Rail plus Property" model, which was establishing itself globally based on the long track-record in Hong Kong. The model's effectiveness was recognised by the prestigious International Business Model Award at the UITP World Congress in Geneva in May 2013 and by the World Bank in November 2013 in Beijing.

The Chairman emphasised that Hong Kong was MTRCL's home and the Company cared for the communities that it served. In its Corporate Sustainability programmes, the Company focused on Youth Development, Art & Culture, Green & Healthy Living and Community Outreach.

In 2013, the Company ran a 10-day summer programme " 'Train' for life's journeys" that focused on the individual skills and responsibilities of Hong Kong's youth with participation by 100 students from 71 secondary schools. Alongside this, the mentoring programme " 'Friend' for life's journeys" took on 140 new students. On the art side, the Company continued to bring art into MTR's railway network through its "Art in MTR" initiative. Overall in 2013, over 6,000 volunteers were involved in a total of 239 community projects under its "More Time Reaching Community" scheme.

The Company's strong performance in corporate sustainability had been recognised through its selection as a constituent of various well known indices and, in 2013, MTRCL was ranked second out of 30 eligible Hong Kong companies on the Hang Seng Corporate Sustainability Index.

Looking ahead for the rest of 2014, the Chairman said that the Company's recurrent businesses in Hong Kong should continue to benefit from rising patronage. Its businesses outside of Hong Kong were expected to contribute more revenue, and MTRCL would also continue to pursue new business opportunities actively.

In respect of its Hong Kong property development business, the Company had awarded LOHAS Park Package 4 to Globaluck Limited, a subsidiary of Sun Hung Kai Properties Limited, in early May 2014. The Company expected to book profit for Austin Station Site C in late 2014 when the Occupation Permit was issued. Depending on market conditions, the Company might also launch the pre-sale of Austin Station Site D and LOHAS Park Package 3 in late 2014. On tendering activities, the Company targeted to tender out the site at Tai Wai Station.

The Chairman concluded that 2014 had, so far, been a challenging year for the Company but the Company remained committed to its shareholders, and to the Hong Kong public, to deliver in every area of its business operations. The Chairman said he was confident that this commitment was shared by every one of over 16,000 staff in Hong Kong.

Before closing, the Chairman thanked all his fellow Board Members, colleagues and staff for their contributions and commitment. The Chairman said that, over the past 35 years, the MTR had expanded its rail network with the goal of providing its passengers with more convenience and greater connectivity to all corners of the city. The MTR had become part of Hong Kong people's lives. The Company would continue its journey with the community in 2014 as it marked 35 years of providing high quality passenger rail services for Hong Kong.

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 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.

Directors’
Report and
Audited
Statement of
Accounts

The Directors’ Report and the audited Statement of Accounts for the year ended 31 December 2013 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 2013), 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 2013.

Mr. Tang Ka Piu, a shareholder, said he held 2,000 shares of the Company, and he had seen the Report of the Members of the Board and the CEO's Review of Operations and Outlook of the Company's Annual Report 2013 dated 11 March 2014.

He further said that, in the documents submitted by the Company to the Legislative Council in December 2013 and in January 2014, the Company mentioned that, in accordance with its internal assessment, the XRL project could not be completed in 2015.

He then asked the following questions:

1. Why could the Company be so optimistic to disclose, in its Annual Report 2013 dated 11 March 2014, that the XRL project would still be completed in 2015?
2. Had the Board ever questioned the Management team?
3. Had the Executive Directorate ever reported the progress and the delay to the Board? and
4. What were the remedial actions?

Mr. Tang also referred to the remuneration of the Directors and the Senior Management disclosed in the Company's Annual Report 2013, and said he noted that the remuneration of Mr. T. C. Chew had been increased from HK\$6.1 million (in 2012) to HK\$9.9 million (in 2013), representing an increase of around 50%. He questioned whether Mr. Chew's performance deserved such a big increase.

Mr. Tang also asked whether the Company would take any disciplinary action against Mr. Walder, given his honesty and capability was recently questioned, and whether Mr. Walder deserved to receive a remuneration of HK\$13 million.

Mr. Tang continued and opined that the Company might have been in breach of the two XRL entrustment agreements and might have to be solely responsible for the additional cost arising from the delay of the XRL project.

The Chairman invited Mr. Walder to answer the first question of Mr. Tang.

Mr. Walder thanked Mr. Tang for his question. He confirmed that the information disclosed in the Annual Report 2013 was consistent with the information that was available to the Executives at that point of time.

Mr. Walder further said that the Executives became aware of the delay in the XRL project on 12 April 2014, after the production of the Annual Report 2013. He then immediately notified the Chairman of the Company and the Secretary for Transport and Housing. He reiterated that there was no indication to the Executives on the delay before that point of time.

The Chairman thanked Mr. Walder and then invited Mr. Morris Cheung, Human Resources Director, to answer the questions in relation to the remuneration package of the Executives.

Mr. Cheung explained that the total remuneration of the Projects Director (Mr. T.C. Chew) in 2013 was HK\$9.9 million, and this had included a bonus of HK\$1.9 million upon completion of his three years' service contract with the Company. Excluding this bonus, his 2013 remuneration was similar to that of 2012.

The Chairman thanked Mr. Cheung.

With respect to the responsibility question relating to the cost overrun of the XRL project, the Chairman drew shareholders' attention to the fact that the XRL project was entrusted to the Company by Government under entrustment agreements signed between Government and the Company (the "Entrustment Agreements"). He said that he believed that, given Hong Kong was a well governed place, the Government would act according to the Entrustment Agreements, and the Company would also complete the XRL project and receive payment in accordance with the terms and conditions of the Entrustment Agreements.

The Chairman continued to say that, in order to complete the project, Members of the Board, Management, Projects team, contractors and workers at the construction sites had already been working very hard, both day and night. During the construction process, the team had come across many different challenges and had already overcome many of them, but it was found in April 2014 that some difficulties could not be overcome. After re-assessing the current status, it was believed that the XRL project could be completed in 2017. The team was focusing on how to achieve the target and deliver the project to Hong Kong as a good asset.

The Chairman then responded to the question in relation to Mr. Walder. The Chairman said that those shareholders, who had attended the Company's annual general meetings in the past few years, should know that Mr. Walder was the leader of the Company's management team in the last two years. The 2013 results indicated that the Company's business outside Hong Kong was good and should be recognised.

The Chairman continued to say that as the Company announced in August 2013, Mr. Walder's term of appointment was extended to August 2015. Before the announcement on this, Mr. Walder, the Company and the Board had already reached a consensus that, upon completion of his contract in 2015, Mr. Walder would not

renew his contract. The Company would start a global recruitment very soon.

The Chairman opined that the CEO of MTRCL had to be a person with a certain calibre, otherwise he would not be able to take up this post. This recruitment would therefore need to be carefully proceeded with and would need a certain period of time to look for talents from both external and internal sources. Once the Board had made a decision, the Company would announce the successor to the shareholders as soon as possible. As the recruitment had to be very careful, it would need quite some time and the announcement would be made in due course.

Mr. Tam Chun Yin, a proxy, said that notwithstanding how good the Company's performance had been as reported by the Chairman earlier, he was still disappointed. He reminded fellow shareholders on the series of train service incidents and the delay of the XRL project. He also drew fellow shareholders' attention that they, as shareholders, might have to be responsible for mistakes made by the Management or the Board.

Mr. Tam queried whether the Board or Mr. Walder would be held liable for the loss if there was a significant drop in MTRCL's share price as a result of the delay in the XRL project and the Shatin to Central Link project.

Mr. Tam further said that shareholders at the Meeting were also Hong Kong citizens, and should be given the explanation for why there were so many incidents.

He remarked that, in the past, there might be several incidents in a year but the frequency had increased to several incidents per month. Yet, the Chairman did not mention the incidents in his earlier report.

Turning to XRL, he questioned whether it was a management issue or an issue with the whole development project. He also considered that shareholders of the Company were not respected.

The Chairman thanked Mr. Tam for his comments, and reminded shareholders that the Company had already made an announcement on the delay of the XRL project and the Company's failure in communicating it to the public properly.

He added that, at the Legislative Council meeting on 5 May 2014, Mr. Walder, Mr. T.C. Chew and himself had explained the reasons for the delay, and they had expressed their sincere apologies to the community.

The Chairman said that, from the legal perspective, the XRL project was governed by the Entrustment Agreements and all acts should be done in accordance with the Agreements.

In response to the query on the impact of project delays on the Company's share price, the Chairman advised that the Company's share price had dropped about 1.68% during the period from 14 April 2014 (the day before announcing the revised programme of the XRL project and the expected completion in 2017) to 7 May 2014. However, the Hang Seng Index had dropped around 5.6% during the same period. In addition, the Company's share price had performed better than the Hang Seng Index in the week before the Meeting.

Regarding train service interruptions, the Chairman, on behalf of the Company, apologised to the affected passengers for the inconvenience caused and to the shareholders who were upset with the interruptions. Nevertheless, the operating efficiency for the four months from January to April 2014 had been maintained at 99.9%. The Chairman commented that he did not want to see any train service interruption either, but it was impossible to maintain the operational efficiency of such a complicated system at 100%.

He then invited Dr. Jacob Kam, Operations Director, to supplement.

Dr. Kam thanked the shareholder (who was also a passenger) for his comments. Dr. Kam's response was as follows:

1. Management understood the public's concerns over train service performance. As MTRCL served more than five million passengers a day, any train incident would inevitably affect passengers, particularly during the recent incidents, the duration of which was long. In this light, Management had been conducting research to improve the operating efficiency so as to provide the Hong Kong community with a safe and reliable train service, with safety being the top priority.
2. The MTR system was a complicated system with over one hundred thousand parts operating at the same time. With over 2.8 million train trips operated and a patronage of 1.8 billion per annum, incidents were inevitable, but efforts had been put in to prevent their reoccurrence. When there was an incident, the team would try to take good care of passengers' needs, including providing appropriate and timely information, and resuming train services as fast as possible to enable passengers to continue their trips. Root causes of each incident and further improvements would be critically reviewed afterwards.
3. In reality, no railway system in the world could be operated with zero incidents and the current technology was not capable of this. However, the Company would still try to operate the system with zero incidents. In comparison with other railway systems in the world, the reliability of MTR services was ranked first class. Nevertheless, Management would not be complacent and would continue to strive for further improvements and to provide even better service to the Hong Kong citizens.

The Chairman thanked Dr. Kam.

Mr. Tam (proxy for shareholder), continued his question by expressing his surprise at the Company's CEO asking the Government's Secretary for Transport & Housing to agree on the reporting on XRL's project progress. He claimed that some Legislative Councillors had asked the CEO to step down.

He asked whether the Board and Mr. Walder would show their responsibility to the shareholders by resigning from the Company together.

The Chairman responded by appreciating the reasons for Mr. Tam's discontent and acknowledged that the Company had not done enough on communication. Nevertheless, the Chairman believed that the Management team had tried every effort to serve the 5 million passengers in Hong Kong and another 5 million passengers outside of Hong Kong in the best way.

On the XRL project, the Chairman opined that it was a challenging project and the team would handle it in an open and transparent manner. Shareholders should be aware that a data room was set up for Legislative Councillors, as representatives of Hong Kong citizens, to study the XRL documents and he hoped that they would conclude that the MTR Management team had come across many difficulties, some of which had been overcome successfully, but some of which were hard to settle.

The Chairman noted that the whole Board was very serious about the communication inadequacy issue and had therefore established an Independent Board Committee (the "IBC") to find out what had been done wrong and recommend improvement measures.

The Chairman concluded that the most important target at present was to deliver the five new railway projects, which would be very good assets, to the Hong Kong citizens.

A shareholder referred to page 150 of the Company's Annual Report 2013 in relation to the Entrustment Agreements and enquired why the Chairman did not mention the compensation arrangements under the Entrustment Agreements. He asked if the Company was required to pay compensation, whether it would be the responsibility of the Board and the Senior Management, or of all shareholders. He considered this was an important question.

He also referred to the Notes to the Accounts on page 186 of the Annual Report 2013, and noted that the 2013 performance bonus of the CEO and Mr. T.C. Chew was HK\$5 million and HK\$2 million respectively. He asked how their performance bonuses would be dealt with given their performance on the XRL project, which could not be completed as scheduled in accordance with the Entrustment Agreements.

He concurred with the previous shareholder's comments that shareholders of MTRCL and the Hong Kong citizens would be the losers. He asked how the Board would handle it.

The Chairman replied that the Board had a Remuneration Committee, which was clearly disclosed in the Company's Annual Report. The Remuneration Committee was responsible for reviewing Senior Management's performance annually, and would take into account any mistakes made during the year.

The Chairman reiterated that the Company had a healthy agreement with the Government. He was confident in telling the shareholders that, up to the present moment, project management was in order, and it was just a communication issue. If the Government had different views or disagreed with the Company's view, things could be settled in a fair and reasonable way in accordance with the Entrustment Agreements, as Hong Kong had a sound legal system.

The Chairman remarked that he could not provide a full guarantee to each shareholder that the Company would not be held responsible for the delay in the future. However, it was required to prove that the Company had made mistakes in order to make it liable. The Chairman himself had faith in and hoped that shareholders who were the long-term friends of MTRCL could trust the Management team. Save for the XRL project, the other four railway projects, which were in progress, also encountered many challenges.

The Chairman understood that sometimes he could not give a satisfactory answer to the shareholders but had no doubt to say that the Company was fully focused on doing its best. The IBC would be issuing a report in July 2014 and the Company would then announce to the shareholders and the public accordingly.

A shareholder noted that many directors of listed companies (including MTRCL) might not only act as a director of a listed company to handle a specific professional task in that listed company, they might also have other directorships with other listed companies or have other appointments.

He queried whether these directors had the required commitment and capability to handle the assigned task, and, if they did not, he considered that this could be one of the reasons for the train service incidents, which tended to be increasing both in terms of number and frequency, although the increase in train trips was also a factor.

He continued to question whether MTRCL's Directors could handle each assigned job well if they also had many other personal affairs or part-time jobs to handle.

The Chairman thanked the shareholder for his questions.

He emphasised that each Director had acted in good faith and had made every decision in the best interest of the shareholders. The Directors also understood and

would try their best in assisting MTRCL in discharging its social responsibility, being one of the major transport operators in Hong Kong.

In respect of the Directors mentioned by the shareholder in his earlier questions, the Chairman advised that he had assumed them to be the non-executive Directors (“NEDs”), who could not be expected to work on a full time basis for a listed company. However, if there was a need, these NEDs could also work for the Company around the clock.

The Chairman added that, being the Chairman of the Board, he met each NED annually to review his / her time commitment to the Company. He also sought their views on the Management team and any areas for improvement in relation thereto.

The Chairman said that, at times when NEDs were not serving MTRCL, they could of course attend to their other responsibilities or directorships in other listed companies. He also considered these other responsibilities and directorships would help build up NEDs’ profile and expertise.

The Chairman pointed out that, when the Company appointed a new Board Member, it would consider his / her different experience and professional knowledge. In addition, the Company would also take into account different stakeholders’ expectations and requests, because MTRCL was serving different stakeholders and operated at different locations, but the headquarters would remain in Hong Kong.

The Chairman continued to say that, being the Chairman of the Board and observing the Board’s operation for so many years, he noticed that, whenever there was a need, the Directors would definitely show their support to the Company and their responsibility to the shareholders.

The same shareholder who raised questions earlier referred to the Chairman's earlier advice that MTR had been serving five million passengers per day inside and outside Hong Kong respectively. He believed the MTR trains in Hong Kong had been running at full capacity already. If large numbers of visitors continued to come and spend in Hong Kong, happening of more and more conflicts inside the train compartments would be inevitable.

In this light, the shareholder considered that adding more train trips would not help alleviate these conflicts but would increase train incidents instead. He suggested the Chairman to speak to the Government on the population density issue.

In relation to train capacity, the Chairman said the Company also noted that the capacities of almost all of its current lines were full and it was difficult to raise capacity any further. Therefore, building new lines was necessary in the long run, but it would need quite a few years to complete constructing a line. This question should be considered by the Hong Kong community as a whole, and should be part of Government's long term planning.

The Chairman said, in his opinion, spending by visitors was helpful to the Hong Kong economy, but it also had certain impact on the capacity perspective. He believed that this problem could not be solved solely by MTRCL, while the Company would continue to do its best.

He noted that some Hong Kong people and some shareholders present at the Meeting who came from the consumption industry welcomed more visitors coming to Hong Kong, but the Chairman concurred that, from the perspective of a Hong Kong citizen, he also worried about this problem. He reiterated that MTRCL could not solve this problem on its own and he believed the media who were at the Meeting should have recorded the shareholder's question and would report it in the newspapers.

The shareholder further requested the Chairman to forward his questions to the Government. The Chairman thanked him for his suggestion.

Madam Chan, a shareholder, said that she had attended the Company's annual general meeting for years and had been asking for the HK\$2 fare concession for elderlies since the Annual General Meeting 2007. She said she came this year to thank the Chairman for the HK\$2 fare concession as all Hong Kong elderlies could take all sorts of public transport (save for mini-bus) by paying HK\$2 only.

She showed her support to the Chairman and Mr. Walder. She encouraged Mr. Walder to go on and not to step down. However, she suggested him considering reducing his remuneration, as his package was criticised on the high side.

The Chairman thanked Madam Chan for her support that made the difficult job of being the MTRCL Chairman worthwhile.

Madam Chan also suggested that Mr. T.C. Chew should donate a part of his pension (say, 10% or 20%) in light of the mistakes made, and not retire from the Company.

Madam Chan said that she disagreed with the recent sentiment of asking people to step down whenever mistakes were made, and questioned whether those people who made the suggestion could take up the jobs of those stepping down.

In light of the current challenges the Company was facing, she hoped that every party would own them and solve them together.

She also showed her appreciation to the Chairman and Mr. Edward Ho for their contribution to the Company over the years.

Madam Chan asked Ms. Mable Chan, Alternate Director to Professor K C Chan, to inform Professor Chan on the importance of his attendance and speaking up at the Company's annual general meeting as a Government representative.

Madam Chan requested and the Chairman in response introduced the three new INEDs appointed in 2013.

Madam Chan noted that Mr. Edward Ho had already been serving the MTRCL Board for 23 years and asked for his comments on MTRCL's recent incidents?

Mr. Ho thanked Madam Chan for this question.

Mr. Ho said that, having been an MTRCL Director for so many years, he had witnessed MTRCL completing many big projects. When he joined the MTRCL Board, the Airport Express and the new airport were under construction. He appreciated that MTRCL's project management was world class and previous projects were completed as scheduled under most circumstances and within budget. The current projects were very complicated and were difficult to compare against other projects in the world.

Mr. Ho also said that it was a pity to note that the construction of the XRL project was delayed, and he personally did not believe there was any big issue in relation to project management.

Mr. Ho found it reasonable for one to ask why the delay on the XRL project was suddenly announced and why the long delay.

He said he understood that, since the commencement of the construction process, the project team had come across many difficulties. The Management team had tried very hard to recover the delay and to meet the original programme.

Although the Management team had done a lot to find ways to recover the delay, in reality it was not possible to chase back the time. It was reported to the Senior Management which in turn brought it eventually to the Board's attention.

Mr. Ho said he understood that everyone felt disappointed and no one would like to see delay, but still the team would need to identify the root cause of the delay and he did not have the feeling that someone had made mistakes.

Mr. Ho said he believed that the other disappointment was the timing of the announcement on the delay, and he noted that the Chairman and the CEO had already apologised and admitted that there was room for improvement from the Directors as an individual and as a team.

Mr. Ho was of the view that forward looking was more important, and the current focus should rest with completion of the project in accordance with the revised schedule. After completion, Hong Kong people should be proud of the project.

The Chairman thanked Mr. Ho.

Madam Chan further remarked that it was not correct to restrict labour import because projects required more labour to complete earlier.

She also reminded Mr. Chew that Singaporeans had a strong sense of mission and believed he would do things well. She encouraged Mr. Chew that the delay was not his fault.

Finally, Madam Chan reiterated that she did not agree that Management should step down, but she would suggest Management cutting their remuneration.

Mr. Cheung Ming Shun, a shareholder, said he had attended the Company's annual general meeting once after the IPO. This was his second time.

Mr. Cheung said that, before the XRL delay incident, he was very satisfied with the Management team. However, the delay incident had ruined the MTRCL brand established for 30 years.

Mr. Cheung said he heard that Mr. Walder, before joining MTRCL, had not performed well in New York and wondered why the Management or the Board invited Mr. Walder to join.

In light of the delay, Mr. Cheung considered that Mr. Walder should step down and should not be entitled to receive the derivative interests in 300,000 MTRCL shares, in accordance with his employment contract which would be equivalent to HK\$10 million.

Mr. Cheung referred to a commentator on the radio who suggested the MTRCL Board to terminate the CEO's contract without paying the 300,000 MTRCL shares. He asked the Board to act in the interest of shareholders and therefore not to pay the 300,000 MTRCL shares to the CEO.

The Chairman thanked Mr. Cheung for his comments, and responded that, on the appointment of Mr. Walder, the New York Mayor had made the comment that the appointment of Mr. Walder was a gain to Hong Kong and a loss to New York.

In relation to the remuneration of the CEO and the Senior Management, the Chairman reiterated that the Remuneration Committee would review and determine their bonuses based on their performance during the review period. He was certain that the XRL delay would be taken into account in the next review period.

The Chairman opined that it was important for an enterprise or an organisation to reward or to punish its staff appropriately, in order to uphold good team spirit. At this moment, team spirit was very important to MTRCL. In addition, MTRCL also had the social responsibility to complete the five railway projects on hand as these projects would be valuable assets to

Hong Kong in the future. He believed the Management team was able to deliver them.

He then invited Mr. Walder to respond.

Mr. Walder thanked the Chairman for giving him an opportunity to explain. Firstly, he knew that the XRL project was a critically important project for Hong Kong and he was very sorry that the team had not done a better job in communicating with everyone about the challenges that the Company had been facing on the project. He also apologized for the misunderstanding caused to the community and among the shareholders. He said that he heard the comments from the community and the shareholders, and knew they were disappointed. He, as the CEO, took the responsibility, but he explained that the aforementioned communication issue should not be interpreted as a management problem of the XRL project.

He further explained that the project team had encountered a number of difficulties since January 2010. The team had worked incredibly hard to overcome them. He was impressed by what they had done.

He referred to Mr. Edward Ho's remark that MTRCL had a history of delivering previous projects on time and within budget. That was what MTRCL did before and the project team had tried to do the same with no exception. They wanted to deliver passenger services on schedule as committed. Therefore, they would do everything that they could do to meet the commitment. Mr. Walder said he believed in the team but, as things turned out, unfortunately the team could not deliver. The challenges were difficult and proved to be insurmountable. The Company ultimately made an announcement in mid-April 2014 that the XRL project would have to be delayed. He felt very sorry about the way that things happened but he still believed the team was capable of managing the project and they had put in every effort to keep this highly complex and very challenging project on schedule.

Mr. Walder advised that the programme had been revised, put on paper, and presented to the Legislative Council on 5 May 2014. He believed the revised programme was achievable and realistic. Everyone was committed to meeting and delivering the revised programme. He had met the critical parties himself, and all of them had committed to delivering the revised programme.

He hoped that everyone could understand the challenges the Company was facing and look forward. He wished that the Company had done a better job on communication and apologised again. He promised that the project team would work as hard as possible to deliver the revised programme. Shareholders would find that the project would be done in a spirit of openness and transparency. He hoped that shareholders would be very proud of what the Company was doing for the XRL project and they could board on the first XRL train.

With no further 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 2013 of HK\$0.67 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. Alasdair George Morrison, Mr. Ng Leung-sing, Mr. Abraham Shek Lai-him, Mrs. Pamela Chan Wong Shui, Dr. Dorothy Chan Yuen Tak-fai and Professor Frederick Ma Si-hang retired individually from the office of Directors and, being eligible, offered themselves for re-election / 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. Alasdair George Morrison 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 proposed and conducted the poll on Resolution 3(b), that Mr. Ng Leung-sing 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 proposed and conducted the poll on Resolution 3(c), that Mr. Abraham Shek Lai-him 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.

The Chairman proposed and conducted the poll on Resolution 3(d), that Mrs. Pamela Chan Wong Shui be 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(d), the Chairman declared Resolution 3(d) carried.

The Chairman proposed and conducted the poll on Resolution 3(e), that Dr. Dorothy Chan Yuen Tak-fai be 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(e), the Chairman declared Resolution 3(e) carried.

The Chairman proposed and conducted the poll on Resolution 3(f), that Professor Frederick Ma Si-hang be 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(f), the Chairman declared Resolution 3(f) 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, 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 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 number of Shares in issue as at the date of passing this Resolution 5 (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 (Chapter 622 of the Laws of Hong Kong) after the passing of 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 number of Shares purchased by the Company subsequent to the passing of this Resolution 5 (up to a maximum equivalent to ten per cent. of the aggregate number of Shares in issue as at the date of passing this Resolution 5, 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 (Chapter 622 of the Laws of Hong Kong) after the passing of 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 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 Shares in issue as at the date of passing of 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 (Chapter 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 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 number of the Shares Repurchased to the Aggregate number 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 such additional number of shares in the Company in respect of the aggregate number of shares 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 number of Shares referred to in sub-paragraph (b) of paragraph (B) of Resolution 5, be and is hereby APPROVED AND AUTHORISED.”

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

Offer of a Scrip Dividend Alternative

The Chairman proposed Resolution 8, namely the ordinary resolution to authorize the Board of Directors to exercise the power contained in Article 131 of the Company’s Articles of Association to offer a scrip dividend alternative in respect of some or all of the dividends declared or paid in the period up to and including the Company’s annual general meeting which was held in the fifth year after the date on which the resolution was passed in the terms set out in the Notice of the Meeting as follows:

Resolution 8

“THAT

(A) subject to paragraph (B) below, the exercise by the Board of Directors of the power contained in Article 131 of the Company’s Articles of Association (or the corresponding Article in the Company’s Articles of Association if Resolution 9

is passed) to offer ordinary shareholders the right to choose to receive new ordinary shares in the capital of the Company, which are credited as fully paid up, instead of the whole or part of their cash dividend, in respect of some or all of the dividends (including, without limitation, any final and/or interim dividends) which may be declared or paid in the period up to and including the annual general meeting of the Company which is held in the fifth year after the date on which this Resolution 8 is passed (including, for the avoidance of doubt, any dividends which may be declared or paid in respect of the financial year ended 31 December 2013), and to take all actions in connection therewith contemplated in such Article, be and is hereby generally and unconditionally AUTHORISED AND APPROVED; and

- (B) such power shall be exercised by the Board of Directors in accordance with Article 131 of the Company's Articles of Association (or the corresponding Article in the Company's Articles of Association if Resolution 9 is passed) such that, amongst other things, a shareholder who accepts an offer to receive new ordinary shares will be entitled to receive ordinary shares the total relevant value of which is as near as possible to the value of the cash dividend he would otherwise have received, but not more than the value of such cash dividend, such relevant value being calculated in accordance with that Article."

The Chairman conducted the poll on Resolution 8.

As more than 50% of the votes were cast in favour of Resolution 8, the Chairman declared Resolution 8 carried.

Adoption of the new amended and restated Articles of Association of the Company

The Chairman proposed Resolution 9, namely the special resolution to adopt the new amended and restated Articles of Association in replacement of the existing Articles of Association of the Company, details of which were set out in the Notice of the Meeting as follows:

Resolution 9

“THAT, the new Articles of Association produced to the meeting and initialled by the chairman of the meeting for the purposes of identification be and is hereby APPROVED AND ADOPTED as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association of the Company.”

The Chairman conducted the poll on Resolution 9.

As more than 75% of the votes were cast in favour of Resolution 9, the Chairman declared Resolution 9 carried.

Poll Results

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

Conclusion

The Chairman thanked all shareholders for their attendance. There being no further business, the Chairman declared the Meeting closed at about 1:25 p.m. and reminded shareholders to collect the refreshment pack.

(Signed by Dr. Raymond Ch'ien)

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Chairman