

## **MTR Corporation Limited 香港鐵路有限公司**

Minutes of the 18<sup>th</sup> Annual General Meeting (the “Meeting”) of MTR Corporation Limited 香港鐵路有限公司 (the “Company”) held at Rotunda 3 (6/F), Kowloonbay International Trade & Exhibition Centre, 1 Trademart Drive, Kowloon Bay, Hong Kong on Wednesday, 16 May 2018 at 11:30 a.m.

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

Professor Frederick Ma Si-hang (Chairman of the Board, and Chairman of Corporate Responsibility Committee), Mr Andrew Clifford Winawer Brandler (Board Member and elected as the new Chairman of Risk Committee during the Meeting), Dr Dorothy Chan Yuen Tak-fai (Board Member and Chairlady of Remuneration Committee), Dr Eddy Fong Ching (Board Member and Chairman of Audit Committee), Mr Abraham Shek Lai-him (Board Member and Chairman of Nominations Committee) and Dr Allan Wong Chi-yun (Board Member and Chairman of Capital Works Committee).

Other Members of the Board present: Mr Andrew Lai Chi-wah (Alternate Director to Mr James Henry Lau Jr), Dr Pamela Chan Wong Shui, Mr Vincent Cheng Hoi-chuen, Mr James Kwan Yuk-choi, Mr Lau Ping-cheung, Kaizer, Mrs Lucia Li Li Ka-lai, Mr Benjamin Tang Kwok-bun, Mr Johannes Zhou Yuan, Ms Rose Lee Wai-mun (elected as a new Director during the Meeting) and Mr Lincoln Leong Kwok-kuen (Board Member, Chief Executive Officer (“CEO”) and a Member of the Executive Directorate).

Other Members of the Executive Directorate present: Dr Jacob Kam Chak-pui (Managing Director - Operations and Mainland Business), Ms Margaret Cheng Wai-ching (Human Resources Director), Mr Morris Cheung Siu-wa (President of MTR Academy), Dr Peter Ronald Ewen (Engineering Director), Mr Herbert

Hui Leung-wah (Finance Director), Mr Adi Lau Tin-shing (Operations Director), Ms Gillian Elizabeth Meller (Legal and European Business Director), Ms Linda So Ka-pik (Corporate Affairs Director), Mr David Tang Chi-fai (Property Director), Dr Philco Wong Nai-keung (Projects Director), and Ms Jeny Yeung Mei-chun (Commercial Director).

In Attendance Ms Melissa Wu and Mr Peter Wong (representatives of KPMG – the Company’s Auditors);

Ms Phyllis Lee and Mr P C Wong (representatives of Computershare); and

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

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

1. the Chairman would speak in Cantonese and the Meeting would be conducted in Cantonese;
2. there would be simultaneous interpretation (in Putonghua and English) throughout the Meeting; if any part of the Meeting was conducted in English, there would be simultaneous interpretation in Cantonese and Putonghua;
3. shareholders present at the Meeting (the “Shareholders”) should approach the Company’s helpers at the Customer Service Counter and the Shareholder Service Counter next to the entrance of the Meeting hall if Shareholders’ questions were on railway operations, property management or other businesses, or were personal in nature;
4. Shareholders who would like to ask questions would be directed to a designated microphone position. For Shareholders attending the Meeting in Room 601 or

Room 602 of Kowloonbay International Trade & Exhibition Centre who would like to ask questions, the Company's staff would escort them to the main Meeting hall, Rotunda 3, to raise their questions.

5. only Shareholders, representatives of corporate shareholders and proxies would be entitled to ask questions at the Meeting;
6. the Chairman would answer questions in the language in which they were asked and simultaneous translation of both the questions and answers would be provided by the interpreters; and
7. to facilitate those shareholders who could not come to the Meeting, the Meeting would be video-recorded and the webcast would be available on the Company's website within the following 24 hours.

Ms So also highlighted various housekeeping matters.

She then invited the Chairman to address the Meeting.

Chairman's  
Opening  
Remarks

The Chairman welcomed Shareholders to the Meeting which was the third Annual General Meeting chaired by him, and noted that he had invited the Company's advisers and some relevant persons to attend the Meeting.

The Chairman proposed that, apart from reviewing the Company's financial and business performance in the past year, he would also like to share with Shareholders the Company's railway service and safety performance, MTR fares and the Fare Adjustment Mechanism, as well as the Company's work in relation to corporate responsibility and community engagement.

Notice

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

The Chairman proposed and, with permission from

Shareholders, the Notice convening the Meeting, which had been distributed to shareholders, was taken as read.

#### Chairman's Statement

The Chairman commenced the Meeting by officially welcoming Mr Andrew Clifford Winawer Brandler and Mr Johannes Zhou Yuan, who had been appointed as new Directors of the Company at the Company's 2017 Annual General Meeting, and three other Directors, who had joined the Board after the 2017 Annual General Meeting, namely, Mr James Henry Lau Jr (Secretary for Financial Services and the Treasury), Secretary for Transport and Housing (Mr Frank Chan Fan), and Commissioner for Transport (Ms Mable Chan).

The Chairman noted that Mr Alasdair George Morrison would retire as an Independent Non-executive Director of the Company after the conclusion of the Meeting and thanked him for his valuable contributions to the Board and the Company for more than seven years. Mr Morrison had also acted as the chairman of the Company's Risk Committee since 2014. A big round of applause was given to Mr Morrison.

The Chairman advised that, as a matter of prudent succession planning, the Board after consideration had proposed the election of Ms Rose Lee Wai-mun as a new Director of the Company, with the resolution relating to her election being dealt with in the formal proceedings later in the Meeting. The Chairman noted that Ms Lee was present at the Meeting and he would formally introduce Ms Lee later on.

The Chairman also noted that, as announced by the Company in March 2018, Mr Morris Cheung Siu-wa, President of MTR Academy, would retire from the Company in July 2018 upon expiration of his service contract. The Chairman expressed his appreciation for Mr Cheung's 35 years of service and contribution in different positions in the Company.

The Chairman then shared with Shareholders a review of the Company's financial and business performance and some of the key matters relating to the Company over the past year, as summarised below.

The Chairman reported that the overall financial results of the Group for 2017 had been satisfactory, with an overall revenue growth in 2017 recorded. The total revenue had increased by 22.7% to HK\$55,440 million. Although the Group's recurrent business profit had decreased by 3.8% to HK\$8,580 million, the Group's post-tax property development profit had increased from HK\$530 million in 2016 to HK\$1,935 million in 2017. The Group's underlying business profit had recorded an increase of 11.3% to HK\$10,515 million. The Group's net profit attributable to shareholders amounted to HK\$16,829 million, which included an investment property development revaluation gain of approximately HK\$6,300 million being a non-cash accounting adjustment.

The Chairman commented that these good results were attributable to the entire MTR Team's efforts and contributions.

The Chairman noted that the Board would later on request Shareholders to approve the declaration of the Company's 2017 final dividend and that this would be the 11th consecutive year of an increase in the declared dividend.

Turning to the progress accomplished by the Company's various businesses and on the railway project front, the Chairman reported that the 26-km high-speed cross-boundary Express Rail Link – Hong Kong Section ("XRL") had entered into the trial operation stage since April 2018 and the team was working hard towards the target line opening in September 2018. Besides, the Company was in discussions with Government on the future operation and the maintenance arrangements for XRL. The Chairman noted that the co-location arrangements were now being considered in the Legislative Council

and he hoped that the relevant legislation could be passed by the Legislative Council as soon as possible, so as to tally with the line opening scheduled in September 2018.

With respect to the Shatin to Central Link (“SCL”), the Chairman reported that the team would continue to progress with the construction works of SCL according to the project plan. In respect of the additional funding required, the Company had submitted the Updated Cost to Complete for the main construction works under the Entrustment Agreement for Construction and Commissioning of the SCL to Government in December 2017. Government was reviewing the latest estimate to prepare for the additional funding application submission to the Legislative Council.

The Chairman noted that, under Government’s “Railway Development Strategy 2014”, seven new railway projects had been proposed and, up to the date of the Meeting, the Company had submitted four proposals to Government. The Company was also preparing to submit a fifth proposal, relating to the North Island Line, to Government in the second half of 2018. As for the remaining projects, the Company would await Government’s invitation for proposal submissions.

Turning to the Company’s property business and on residential development in Hong Kong, the Chairman noted that the Company had tendered out 12 property development packages during the past four years, and it was expected that over 18,000 residential units with a total gross floor area of over 1.15 million square meters would be completed over the following six years. The Chairman also noted that the development at the Yau Tong Ventilation Building site, which was awarded in the week preceding the Meeting, was expected to provide about 500 residential units upon its completion in 2025. Furthermore, subject to the necessary statutory approvals, around 14,000 residential units could be built above the site of the Company’s depot in Siu Ho Wan on Lantau Island.

As regards the Company's investment properties in Hong Kong, the Chairman noted that, following the completion of Maritime Square 2 and the extension of Telford Plaza II, the portfolio of the Company's investment properties had been increased correspondingly. Upon completion of the new LOHAS Park shopping centre and the Tai Wai shopping centre, an additional gross floor area of around 100,000 square meters would be added to the Company's retail portfolio. The Chairman further noted that the market had also reacted favourably to the pre-sale of the Company's residential properties, and that a total of seven residential developments had been launched for pre-sale in 2017 and up to March 2018.

Apart from the Company's good results attained in Hong Kong, the Chairman reported that the Company's business development in Mainland China and overseas was also satisfactory. In 2017, the Company had been awarded three important projects; namely, the Hangzhou Metro Line 5 Public-Private-Partnership project, the seven-year South Western Railway franchise in the UK and the renewed seven-year concession to operate Melbourne's Metropolitan Rail Service in Australia.

The Chairman further noted that, in April 2018, the Company had been awarded an 80-month operation and maintenance contract for the Macau Light Rapid Transit Taipa Line by the Macau SAR Government.

As for the other projects of the Company outside Hong Kong, the Chairman reported that they had been progressing well, and that the Company would continue to pursue further railway and related property development opportunities outside Hong Kong.

With respect to MTR Academy ("the Academy"), the Chairman reported that, over the past year, it had continued to develop as a railway management and engineering centre that offered high quality programmes, and extended the Company's rail

expertise from Hong Kong to the Mainland of China and other “Belt and Road” countries. Having been established for over a year, the Academy was nurturing professionals for the railway industry for different countries. In October 2017, the Company had signed a Memorandum of Understanding with Hangzhou Metro Group to set up a branch campus of the Academy in Hangzhou. In addition, the Academy had signed Memoranda of Understanding with several tertiary institutions in Hong Kong and overseas, collaborating in the development of academic programmes at different levels.

The Chairman then shared with Shareholders the Company’s railway service and safety performance and highlighted that the Company’s Hong Kong Heavy Rail network and Light Rail network had continued to perform well in 2017. The Chairman reported that the Company’s average weekday patronage for all of the rail and bus services in Hong Kong had risen by 3% to 5.76 million in 2017. The Company had operated a record number of over 2.11 million train trips and had carried over 1.76 billion passenger journeys on the Company’s Heavy Rail network in 2017. As increasing train trips would bring additional pressure to the railway network, the Company had increased its railway operations manpower correspondingly to over 11,500 staff in 2017, representing an increase of 33% when compared to 2008.

The Chairman noted that, to maintain passenger journeys on-time in the Company’s Heavy Rail network at 99.9% while increasing train frequency was not an easy task, given that safety was always the Company’s top objective. The Chairman advised that the number of reportable events in 2017 had been 5.5% lower than in 2016 despite the increase in train frequency in 2017, and expressed that all these good results were attributable to the tireless effort of each and every one of the Company’s staff.

The Chairman indicated that, notwithstanding the MTR Team’s wholehearted efforts in providing caring service



to Hong Kong citizens, it was inevitable that there would be times when the railway equipment would break down. During times of service incidents, the Company's staff would do their best to restore service and to minimize any inconvenience caused to passengers. The Chairman opined that unfair comments or selective reporting would not only make the Company's staff feel bad, but could also affect their morale, even though the Company did welcome and listen to constructive comments for continuous improvement. He therefore asked for passengers' cooperation, as it was also an important contributing factor for the railway to run smoothly.

Apart from performing well in train service reliability, the Chairman noted that the Company had also done well on the safety front. He took 2017 as an example and noted that the reportable events per million passengers carried that were required to be reported to the Secretary for Transport and Housing under the Mass Transit Railway Regulations, were 0.65 and 0.58 for the Company's Heavy Rail and Light Rail services respectively. The above results represented the best performance for the Company's Heavy Rail and the second best performance for the Company's Light Rail since the Rail Merger. The Chairman pointed out that most of the said reportable events were minor "trip and fall" accidents, such as accidents on escalators, lifts and moving paths, and that the Company could only attain such good safety performance with the cooperation of passengers and also their trust in MTR.

Regarding MTR fares and the Fare Adjustment Mechanism, the Chairman noted that there were many views expressed around the annual adjustment of MTR fares. He reiterated that the existing Fare Adjustment Mechanism was open, objective and transparent, as it tracked the MTR fare adjustments with economic conditions and wage levels at the material time. The Chairman elaborated that the original intention of establishing an adjustment mechanism was to minimize uncertainties and to take away unnecessary debate that might arise. However, there were still repeated

arguments around the fare adjustment every year. The Chairman therefore took the opportunity at the Meeting to explain the importance of ensuring sustainable and stable revenues in order for MTR to maintain a high quality railway service.

The Chairman drew Shareholders' attention to the fact that it was imperative for the Company to maintain a stable financial position in order to enable its continued substantial investment in upgrading and maintaining the Company's railway assets. He took 2017 as an example and noted that the Company had invested over HK\$8.6 billion in this respect. Although the Company had achieved financial growth overall in 2017, it was predominantly driven by property development income, which was susceptible to the property development cycle. On the other hand, the Company's operating costs, depreciation and interest expenses had also increased following the opening of the Company's new lines. In addition, rail operation and development required planning and substantial investment over a long period of time.

The Chairman re-emphasized that having sustainable and stable fare revenues was very important and highlighted that fare revenues was one of the main income sources of the Company, and was also one of the key factors allowing MTR to operate in a self-sufficient manner. He commented that many rail operators in other big cities, like London and New York, were facing the challenge of financial sustainability.

The Chairman noted that the Company had taken into account views of many different stakeholders in the review of the Fare Adjustment Mechanism in 2017. He commented that the existing Mechanism strived to balance the needs of different stakeholders.

The Chairman remarked that he fully understood that the general public would like MTR fares to be as low as possible and indicated that, in fact, since the Rail Merger, (from 2008 to 2017), the average year-on-year inflation in Hong Kong was 3.2% and the average

annual increase in the Hong Kong Payroll index was 4.4%, both of which were above the average annual increase of 2.5% in MTR fares over the same period of time.

The Chairman highlighted that the Company typically returned about 70% to 80% of the Company's recurrent profit to the Company's shareholders by means of dividend pay-outs every year. Government, being the Company's largest shareholder, also received a good amount of dividends, which would form part of public funds and part of the Company's overall payments to Government. The Chairman took 2017 as an example and noted that the amount of profits tax payable by the MTR Group to Government was HK\$1,305 million; the Company also paid out HK\$4,765 million and HK\$9,756 million to Government as ordinary share dividends and as the second tranche of the XRL special dividend respectively. As for the amount of fixed and variable annual payments payable to Kowloon-Canton Railway Corporation ("KCRC"), which was a corporation wholly owned by Government, it was approximately HK\$2,680 million. The Chairman added that, globally, it was rare to see railway corporations not requiring subsidies and being able to pay dividends to their governments - the Company might be the only one.

The Chairman further noted that Government had already announced a public transport fare subsidy scheme to be launched in 2019, which would help to alleviate the transportation expenditure of the general public.

Besides focusing on the Company's businesses, the Chairman expressed that the Company was also committed to connecting and growing the Hong Kong community through its railway business. He noted that, in terms of community support, around HK\$31 million of community investment had been made in 2017. Beneficiaries had included the elderly, children, youth and underprivileged groups.

The Chairman noted that the Company's staff had been actively participating in various community activities outside their work hours. Through the Company's "More Time Reaching Community" scheme, the Company's staff had organized close to 300 volunteering projects, serving people from different areas of the community.

The Chairman supplemented that the Company had been providing free advertising space to more than 60 non-profit organisations and making available retail shops along the West Rail Line for leasing to social enterprises at nominal rents in support of their work during 2017.

The Chairman acknowledged that youth was a key part of the community and that they were the Company's future innovators, leaders and custodians of the assets that the Company had built. The Company therefore, in particular, supported investing in young people because it meant investing for a better future.

The Chairman advised that the Company used a multi-faceted approach to support youth development and that the Company's goal was to empower young people so that they had the skills, motivation and perspectives to build and create a bright and sustainable future for themselves and their communities.

The Chairman noted that, in 2017, the Company had launched the "STEM Challenge" programme to encourage secondary-school students to explore science, technology, engineering and mathematics subjects. Through using examples from the design and operation of the Company's railway stations and engineering challenges, the Company hoped that the secondary-school students would learn to apply the STEM knowledge in their daily lives for solving problems around them. In April 2018, the Company announced the winning teams for the project on "Inclusive and Sustainable Communities". Arrangements were being made for three outstanding teams to visit the Company's operations and to deepen

their understanding of the local sustainable developments in Sweden in the summer of 2018. In addition, the Company's "Train for Life's Journeys" programme, which was launched during the summer holiday in 2017, supported secondary-school students in their career and life planning. Under the youth programmes organised by the Company, around 8,000 young people were directly benefited.

Furthermore, the Chairman noted that, through the District Councils, the Company had launched another new programme in 2017 letting about 10,000 elderly people from 18 districts take a one-day excursion to the Ngong Ping Village riding on Ngong Ping cable cars for a happy journey. Apart from thanking these passengers for their invaluable support over the years, the visits gave the Company the opportunity to promote to them safety knowledge and tips when taking MTR trains.

The Chairman highlighted that the Company had offered ongoing fare concessions and promotions in an aggregated amount of over HK\$2.6 billion in 2017 to target eligible passengers, such as the elderly, persons with disabilities and students. The concessions included the popular HK\$2 scheme for the elderly where the Company sponsored the elderly's fares on every Wednesday, Saturday and Public Holiday, which amounted to over HK\$100 million. Apart from the above, the Company also provided a fare discount of up to 50% to eligible students on every trip throughout 2017.

The Chairman noted that, in addition, the Company continued to invest resources to enhance MTR station facilities, such as lifts, toilets and breastfeeding rooms, in response to public expectations. He believed that all the above mentioned enhancements would not be possible without a stable and sustainable stream of revenue and, therefore, it was necessary for MTR to have in place an objective, rational and transparent fare adjustment mechanism.

The Chairman also believed that MTR always had a

heart in caring for the community, and its efforts in corporate responsibility had continued to be recognized internationally. He noted that MTR was named in the FORTUNE “Change the World” list in 2017 and was the only Hong Kong company among the top 50 global institutions recognized for corporate responsibility by FORTUNE. Shareholders should be proud to note that MTR was the only company in Hong Kong which received this recognition while the other three came from the Mainland of China, among the four Chinese institutions being named.

The Chairman commented that, living in a digital era, the Company’s business would need to keep pace. He advised that, under the blueprint of “Rail Gen 2.0”, in addition to new lines and major asset upgrades, the Company aimed to enhance passengers’ journey experience through the application of new technology. The Company had launched a series of digital initiatives, including improvements to the MTR Mobile app, which leveraged on innovative technology to provide more personalized services to customers while facilitating smoother railway operations.

The Chairman reported that, with all the above mentioned initiatives, the Company had been named “Asia Pacific Digital Transformer of the Year 2017” in the “IDC Digital Transformation Awards” and the MTR Mobile app had also received a total of eight awards in March 2018, which included four Gold awards and the “Best of Show-Brand” award at the Mob-Ex Awards Hong Kong 2018.

The Chairman noted that the new “Chatbot” function launched in January 2018 for the MTR Mobile app provided customers with information about their journeys and destinations through a personalized approach. In addition, with electronic payments becoming increasingly common, the Company had rolled out a trial scheme to accept Alipay and WeChat Pay at certain ticket machines at Lo Wu and Lok Ma Chau stations in December 2017. The said trial scheme had been progressively extended to Tsim Sha Tsui,

East Tsim Sha Tsui and Causeway Bay stations in early 2018.

Finally, the Chairman thanked the Company's staff for their dedication and contributions, and emphasized that the most valuable assets of the Company were not the financial figures in the Company's balance sheet but the Company's staff. The Chairman then expressed that he felt very sad whenever he heard any harsh criticism on the Company's staff, as he knew that they had been working tirelessly in providing caring, good and reliable service to passengers.

The Chairman then thanked the Directors of the Company for their wise counsel during the previous year, and the Company's staff for their dedication in making MTR a great multinational corporation in serving and connecting the communities that the Company operated in. He was sure that the Company would work towards the same goal and that was to make 2018 another successful year for the Company.

The Chairman noted that, despite the challenges ahead, he was confident that, with the continuous effort and team spirit of more than 43,000 staff in Hong Kong and worldwide, the Company would continue to build on MTR's strengths and expertise in further expanding the Company's business footprint in the Mainland of China and overseas, and continue to be a premier brand that Hong Kong was proud to call its own.

#### Voting Procedures

Before considering the resolutions, the Chairman exercised his right as the Chairman of the Meeting under Article 71 of the Company's Articles of Association (the "Articles") to demand a poll on each resolution to be proposed at the Meeting.

In order to minimize the time spent on counting the votes, the Chairman exercised his right as the Chairman of the Meeting under Article 72 of the Articles to use an electronic voting system to conduct the poll on each resolution to be proposed at the Meeting.

The Chairman said that, as before, Computershare had been appointed as the scrutineers to count and certify the poll results. He noted that, as the electronic voting system would be used to count the votes, it was expected that the results of the polls 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”).

Ms Phyllis Lee of Computershare then gave a demonstration on how electronic poll voting would work.

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

Directors’  
Report and  
Audited  
Statement of  
Accounts

The Directors’ Report and the audited Statement of Accounts for the year ended 31 December 2017 were taken as read with the permission from Shareholders.

Auditors’  
Report

Ms Melissa Wu of KPMG summarised the Auditors’ Report to the Meeting.

The Chairman thanked Ms Wu.

Before the Chairman formally proposed Resolution 1 (i.e. the ordinary resolution to receive the audited Statement of Accounts and the Reports of the Directors and the Auditors of the Company for the year ended 31 December 2017), he asked whether there were any questions from the floor relating to the proposed resolutions. The Chairman noted that, for questions not related to the proposed resolutions, he would be pleased to answer them or request the Company’s



management to answer them outside of the Meeting. He repeated that the Company's colleagues at the service counter outside the Meeting hall would be happy to answer or follow up on questions which were not related to the resolutions proposed at the Meeting.

As there were no questions from Shareholders, the Chairman formally proposed Resolution 1, namely, the ordinary resolution to receive the audited Statement of Accounts and the Reports of the Directors and the Auditors of the Company for the year ended 31 December 2017, as recommended by the Board of Directors.

The Chairman 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 propose Resolution 2, namely, the ordinary resolution to declare a final dividend for the year ended 31 December 2017 of HK\$0.87 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.

Re-election of  
Retiring  
Directors      In accordance with the Articles, Dr Eddy Fong Ching, Mr James Kwan Yuk-choi, Mr Lincoln Leong Kwok-kuen, Mrs Lucia Li Li Ka-lai, Mr Benjamin Tang Kwok-bun and Mr James Henry Lau Jr. retired individually from the office of Director and, being eligible, offered themselves for re-election at the Meeting.

The Chairman invited questions from Shareholders about Resolution 3.

The Chairman also invited the Directors standing for re-election to stand up and introduced them one by one.

As there were no other questions from Shareholders, the Chairman conducted the poll on Resolution 3(a), that Dr Eddy Fong Ching be re-elected as a member of the Board of Directors of the Company.

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

The Chairman then proposed and conducted the poll on Resolution 3(b), that Mr James Kwan Yuk-choi 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 then proposed and conducted the poll on Resolution 3(c), that Mr Lincoln Leong Kwok-kuen 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 then proposed and conducted the poll on Resolution 3(d), that Mrs Lucia Li Li Ka-lai 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(d), the Chairman declared Resolution 3(d) carried.

The Chairman then proposed and conducted the poll on Resolution 3(e), that Mr Benjamin Tang Kwok-bun 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(e), the Chairman declared Resolution 3(e) carried.

The Chairman then proposed and conducted the poll on Resolution 3(f), that Mr James Henry Lau Jr. 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(f), the Chairman declared Resolution 3(f) carried.

Election of New Director The Chairman proposed the poll on Resolution 4, namely, the ordinary resolution to elect Ms Rose Lee Wai-mun as a new member of the Board of Directors of the Company. He invited Ms Lee to stand up and advised that Ms Lee's biographical details had been disclosed in the Company's circular for the Meeting.

The Chairman then conducted the poll on Resolution 4.

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

Auditors The Chairman proposed and conducted the poll on Resolution 5, namely, the ordinary resolution to re-appoint KPMG as Auditors of the Company and to authorise the Board of Directors to determine their remuneration.

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

General Mandate The Chairman proposed Resolution 6, namely, the ordinary resolution to grant a general mandate to the Board of Directors to allot, issue, grant, distribute and

otherwise deal with additional shares in the Company in the terms set out in the Notice of the Meeting as follows:

Resolution 6

‘THAT:

(A) subject to paragraph (B) below, the exercise by the Board of Directors during the Relevant Period of all the powers of the Company to allot, issue, grant, distribute and otherwise deal with additional Shares, to grant rights to subscribe for, or convert any security into, Shares (including the issue of any securities convertible into Shares, or options, warrants or similar rights to subscribe for any Shares) and to make or grant offers, agreements and options which will or might require such powers to be exercised during or after the end of the Relevant Period, be and is hereby generally and unconditionally APPROVED;

(B) the aggregate number of Shares allotted, issued, granted, distributed or otherwise dealt with or agreed conditionally or unconditionally to be allotted, issued, granted, distributed or otherwise dealt with (whether pursuant to an option, conversion or otherwise) by the Board pursuant to the approval in paragraph (A) above, otherwise than pursuant to:

(i) a Rights Issue; or

(ii) any option scheme or similar arrangement for the time being adopted for the grant or issue to the members of the Executive Directorate and/or officers and/or employees of the Company and/or any of its subsidiaries of Shares or rights to acquire Shares, including without limitation pursuant to the Rules of the Company’s 2007 Share Option Scheme; or

(iii) the exercise of rights of subscription or conversion under the terms of any warrant

issued by the Company or any securities which are convertible into Shares; or

- (iv) any scrip dividend or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares pursuant to the Articles of Association of the Company from time to time,

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

- (C) any Shares to be allotted and issued (whether wholly or partly for cash or otherwise) pursuant to the approval in paragraph (A) above shall not be issued at a discount of more than ten per cent. to the Benchmarked Price of such Shares; and

(D) for the purpose of this Resolution 6:

- (i) 'Relevant Period' means the period from (and including) the date of passing this Resolution 6 until the earlier of:

- (a) the conclusion of the next annual general meeting of the Company;

- (b) the expiration of the period within which the next annual general meeting of the Company is required by the Articles 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;

- (ii) 'Rights Issue' means an offer of Shares open for a period fixed by the Board 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 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);
- (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; and
- (iv) 'Benchmarked Price' means the higher of:
  - (a) the closing price of the Shares as quoted on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on the date of the agreement involving the proposed issue of the Shares under this Resolution 6; and
  - (b) the average closing price of the Shares as quoted on the Stock Exchange for the 5 trading days immediately prior to the earlier of the date: (1) of announcement of the proposed transaction or arrangement involving the proposed issue of the Shares; (2) of the agreement involving the proposed issue of Shares; and (3) on which the price of the Shares that are proposed to be issued is fixed.'

The Chairman 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.

Share  
Repurchase  
Mandate

The Chairman proposed Resolution 7, namely, the ordinary resolution to grant a general mandate to the Board of Directors to buy back shares in the Company in the terms set out in the Notice of the Meeting as follows:

Resolution 7

‘THAT:

(A) subject to paragraph (B) below, the exercise by the Board during the Relevant Period of all the powers of the Company to buy back Shares on 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 Buy-backs 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 number of Shares which may be bought back or agreed conditionally or unconditionally to be bought back pursuant to the approval in paragraph (A) above shall not exceed ten per cent. of the aggregate number of the Shares in issue as at the date of passing of this Resolution 7 (subject to adjustment in the case of any conversion of any or all of the Shares into a larger or smaller number of Shares in accordance with section 170(2)(e) of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) after the

passing of this Resolution 7), and the said approval shall be limited accordingly; and

(C) for the purpose of this Resolution 7:

(i) 'Relevant Period' means the period from (and including) the passing of this Resolution 7 until the earlier of:

(a) the conclusion of the next Annual General Meeting of the Company;

(b) the expiration of the period within which the next Annual General Meeting of the Company is required by the Articles of Association of the Company or by law to be held; and

(c) the revocation or variation of the authority given under this Resolution 7 by an ordinary resolution of the shareholders of the Company in general meeting; and

(ii) 'Shares' means shares of all classes in the capital of the Company and warrants and other securities which carry a right to subscribe or purchase shares in the Company.'

The Chairman conducted the poll on Resolution 7.

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

Poll Results

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

Questions Raised

**Madam Principal Chan**, Shareholder, opined that the Company's Annual General Meeting was an important



by  
Shareholders

event and as such, Government appointed Directors should also attend. She then referred to the programmes being provided by the Academy and questioned about the degree of participation by Hong Kong students, noting that there were also students from the Mainland of China.

The Chairman thanked Madam Principal Chan for her questions and invited Mr Andrew Lai, Alternate Director to Mr James Lau, to answer her first question in relation to Mr Lau being absent from the Meeting.

Mr Lai explained that Mr Lau always paid great attention to the business of the Company and apologized on behalf of Mr Lau for his not being able to attend the Meeting. Mr Lai explained that Mr Lau was in a meeting of the Legislative Council at the same time as he had to handle important tax matters including proposed amendments to certain tax regulations, upward adjustment of tax allowances and refund of various tax payments. Madam Principal Chan appreciated the reason for Mr Lau's absence.

The Chairman then invited Mr Morris Cheung, President of the Academy, to answer Madam Principal Chan's second question on matters relating to the students of the Academy.

Mr Cheung advised that the Academy had been focusing on providing training for local Hong Kong students. In 2017, over 1,000 students had enrolled in the programmes of the Academy, the majority of whom were local Hong Kong students, and over 100 professionals and executives from the railway industry had joined related short courses run by the Academy.

Madam Principal Chan mentioned that she was not familiar with the newly launched MTR Mobile app and suggested that the Company could arrange to promote this mobile app by sending the Company's staff to visit elderly community centres to teach the elderly people there how to use the said mobile app.

The Chairman thanked Madam Principal Chan for her good suggestion related to the MTR Mobile app and suggested that she could seek assistance at the service counter outside the Meeting hall.

**Ms Keung**, Shareholder, expressed her views in relation to the property management matters of the residential estate in which she lived which was managed by the Company. The Chairman invited Ms Keung to raise her question at the service counter outside the Meeting hall as this was something personal in nature. Ms Keung then said that the suggestions she was going to make would apply to all the residential estates managed by the Company.

Ms Keung opined that the estate managers should take actions in accordance with the deed of mutual covenant of the relevant residential estate and, where applicable, the Building Management Ordinance, in apportioning the maintenance cost of the estate's lifts among the unit owners in a fair and justifiable manner.

The Chairman thanked Ms Keung for her comments and invited her to have a further discussion with the Company's colleagues at the service counter outside the Meeting hall.

**Ms KY Choi**, Shareholder, questioned why the Company had requested some of the tenants in Telford Plaza to renovate their shops every two years and suggested the Company to consider extending the duration between the renovations for environmental friendliness.

The Chairman thanked Ms Choi for her comment.

**Mr Law**, a Proxy, suggested that the Company might explore the feasibility of building residential properties in the open area along the East Rail Line ("EAL") between Hung Hom Station and Lo Wu Station, believing that this would create value and contribute to the whole Hong Kong community.

Mr Law further suggested that the Company should consider moving the whole EAL underground such that the space released could be used for constructing residential buildings as well. The Chairman thanked Mr Law for his good idea and suggested him to write in with his proposal with more details for the Company to consider further.

Mr Law continued that the Company could try to use the sale proceeds of the property built on EAL to cover the costs for moving EAL underground and, if the sale proceeds exceeded the costs, it would also be in the interests of the Company.

The Chairman thanked Mr Law again for his proposal and directed a staff onsite to collect the relevant proposal details from Mr Law for forwarding to Kowloon-Canton Railway Corporation, owner of EAL, for their consideration.

**Mr Luk** (not having identified his capacity), suggested the Company to install lockers in MTR stations as this was very common in Japan and the USA. He noted that he had made this suggestion at an event arranged by the Company at Tuen Mun Station of the West Rail Line about eight to nine years ago.

The Chairman thanked Mr Luk for his suggestion.

Mr Luk then continued and asked whether it would be possible to have one single train pass that could allow passengers travelling around all stations in the Mainland of China, as this was available in Japan, some of the European countries and the USA.

The Chairman thanked Mr Luk again for his suggestion and said that he would try to convey it to China Railway Corporation for their consideration.

**An anonymous speaker** expressed that she was proud of being a shareholder of the Company and hoped that the Company could do more for the Hong Kong people in terms of housing and property. She stated that she

had bought one of the Company's residential properties and would like to take this opportunity to show the Chairman some photos taken inside her unit to let him know the condition of the newly built residential units.

The Chairman advised that he would arrange to receive her photos.

**Mr Yuen**, Shareholder, noted that he had sent a complaint letter to the Company's Corporate Responsibility Committee about two years ago and he noted that the Chairman of the Board was also the Chairman of the said Committee.

The Chairman noted that Mr Yuen's comment was personal in nature and invited him to discuss his case at the service counter outside the Meeting hall.

Mr Yuen then said that he would like to comment about how the Company handled complaint cases and the culture of handling complaints.

The Chairman pointed out that all complaint letters addressed to the Executive Directors of the Company or the Chairman of the Board would have been looked at and attended to.

Mr Yuen questioned if it was reasonable for a complaint case to be unattended for two years.

The Chairman responded that, if Mr Yuen believed that the complaint was reasonable and it had not been attended to after two years, Management had not done their job properly. The Chairman requested Mr Yuen to provide further information on his case such that the Chairman could arrange to follow up on it.

Mr Yuen said that he would forward the relevant documents to the Chairman again.

**Ms Yeung Wai Man**, Shareholder, asked if the Company could consider placing additional collection points for the free newspaper "Metro Daily" outside MTR

stations, such that retirees like her could continue reading the said newspaper which was currently available inside MTR stations only.

The Chairman thanked Ms Yeung for her comment.

**Ms Leung Yuen Ching**, Shareholder, asked if the Company could build an MTR station in Sau Mau Ping as it was really needed by the residents there including herself.

Ms Leung noted that some district councillors had been collecting residents' signatures in Sau Mau Ping on the aforesaid request through volunteers. She believed that a station would provide convenience to local residents and more revenue to Government.

The Chairman thanked Ms Leung for her proposal and noted that the team would convey it to Government.

**Mr Leung**, Shareholder and a Proxy, questioned about why the Meeting was called “成員大會” in Chinese (meaning a members' meeting in English literally) and suggested changing it back to “股東大會” in Chinese (meaning a shareholders' meeting in English literally) as he believed the latter term would describe the identity of shareholders more accurately.

[Post Meeting Note: the term “成員大會” in Chinese was the formal Chinese translation adopted in the Companies Ordinance.]

Mr Leung also commented that taking instant photographs with Shareholders before the commencement of the Meeting was unnecessary public relations promotion expenses. He believed that this money could be used in other ways which were beneficial to shareholders like distributing more dividends or reducing the public transport expenses burden of Hong Kong citizens.

Mr Leung then commended that the Chairman was a very smart and good leader and it was really the

Company's fortune to have him as Chairman.

The Chairman thanked Mr Leung for his comments.

**Mr Mak**, Shareholder, suggested that the Company might consider issuing a kind of monthly train pass that would cover all the MTR lines in Hong Kong, as the MTR City Saver tickets he currently used were not able to do so.

The Chairman thanked Mr Mak for his idea.

**An anonymous Shareholder** firstly commended the valuable contribution made by the Chairman to both the MTR Board and the Council of The Education University of Hong Kong, and then expressed his comments on two points related to the benefit of the Company's shareholders.

The anonymous Shareholder noted that the Company had re-offered the Scrip Dividend Scheme to shareholders around two years ago after it had been suspended for a period of time. He commended Management that they had really listened to shareholders' voices.

In relation to the Company's Scrip Dividend Scheme, the anonymous Shareholder suggested that the Company might consider providing a discount to the scrip price to shareholders who opted for scrip dividends. He took Hong Kong Exchanges and Clearing Limited as an example which offered a 3% discount from the market price of their shares to their shareholders who opted for scrip dividends.

The Chairman thanked the anonymous Shareholder for this suggestion and noted that the CEO and the other Members of the Executive Directorate of the Company would consider this further.

The anonymous Shareholder then made his second suggestion. He noted that the Company was classified by the securities sector as a conglomerate given its

wide variety of businesses and that the Company's net asset value was always discounted in assessing a so-called reasonable level of share value. He therefore proposed that the Company might consider spinning off some of its businesses such as property development or the Octopus card related business, which he believed would create more shareholder value.

The Chairman thanked this anonymous Shareholder for his suggestion and reassured him that enhancing shareholder value was always the focus of the Board, and that a lot of financial experts had been assisting the Company in this area.

**Mr Lee**, Shareholder, firstly commended the good service provided by all MTR staff to the Hong Kong citizens. The Chairman thanked Mr Lee for his appreciation which was a very important encouragement to the Company and all MTR staff.

Mr Lee then noted the aging issue of Hong Kong people and requested the Company to speed up the provision of toilets and access facilities in MTR stations.

The Chairman responded that the CEO had been working hard on providing the above mentioned facilities and that the Company had already put in a lot of efforts in this area. The Chairman noted an example was that the font size of words on some of the Company's signage inside MTR stations had been enlarged to provide greater convenience to elderly passengers.

Mr Lee further requested the Company to try to promote rule compliance and polite passenger behaviours through a soft approach.

The Chairman took note of all the above suggestions and expressed his appreciation to Mr Lee.

**Mr Wong**, Shareholder, noted that it would be the 40<sup>th</sup> anniversary of MTR in 2019 and suggested that the Company might consider offering a free souvenir ticket to each shareholder attending the 2019 Annual General

Meeting and publishing a booklet showing all the souvenir tickets issued by the Company in the past 40 years.

The Chairman thanked Mr Wong for his very good ideas and noted that the CEO would follow up on them.

Mr Wong then enquired on the status of the Company's property development business in the Mainland of China.

The Chairman invited Dr Jacob Kam, Managing Director – Operations and Mainland Business, to answer Mr Wong's question.

Dr Kam advised that the Company had adopted primarily a "rail + property" sustainable business model for its property development projects in the Mainland of China. Tiara Phase 1 at Shenzhen Metro Longhua Line Depot Lot 1 was a good example which had generated good returns to the Company. Having said that, Dr Kam noted that the team would continue work hard to attain even better results for the Company.

Conclusion

The Chairman concluded the Meeting by thanking Shareholders for their various good questions and valuable suggestions. He also thanked Shareholders for their attendance and support to the Company and MTR staff. There being no further business, the Chairman declared the Meeting closed at about 12:55 p.m. and reminded Shareholders to enjoy the tea and coffee outside the Meeting hall and collect their refreshment packs on their way out.

(Signed by Prof. Frederick Ma)

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Chairman