

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

Minutes of the 19<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, 22 May 2019 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 Chairman of Risk Committee), Dr Dorothy Chan Yuen Tak-fai (Board Member and Chairlady of Remuneration Committee), Dr Eddy Fong Ching (Board Member and Chairman of Audit Committee), Mr 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 Rex Auyeung Pak-kuen, Mr Andrew Lai Chi-wah (Alternate Director to Mr James Henry Lau Jr), Mr Chan Kar-lok (also known as Mr Walter Chan Kar-lok) (elected as a new Director during the Meeting), Dr Pamela Chan Wong Shui, Dr Anthony Chow Wing-kin, Mr James Kwan Yuk-choi, Mr Cheng Yan-kee (elected as a new Director during the Meeting), Mr Lau Ping-cheung, Kaizer, Ms Rose Lee Wai-mun, Mrs Lucia Li Li Ka-lai, Mr Ng Wing-ka (also known as Mr Jimmy Ng Wing-ka) (elected as a new Director during the Meeting), Mr Benjamin Tang Kwok-bun, Mr Johannes Zhou Yuan, and Dr Jacob Kam Chak-pui (Board Member, Chief Executive Officer (“CEO”) and a Member of the Executive Directorate).

Other Members of the Executive Directorate present: Mr Roger Francis Bayliss (Projects Director), Ms Margaret Cheng Wai-ching (Human Resources

Director), 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) and Ms Jeny Yeung Mei-chun (Commercial Director).

In Attendance Ms Melissa Wu and Mr Bayern Chui (representatives of KPMG – the Company’s External Auditors);

Mr Chee Ping Yap and Mr Leslie Lau (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. there would also be sign language interpretation throughout the Meeting;
4. shareholders present at the Meeting (the “Shareholders”) should approach the Company’s helpers at the Customer Service Counter or the Shareholder Service Counter next to the entrance of the Meeting hall if Shareholders’ questions were on railway operations, property management or other related businesses, or were personal in nature;

5. 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.
6. only Shareholders, representatives of corporate shareholders and proxies would be entitled to ask questions at the Meeting;
7. 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 the sign language interpreters respectively; and
8. 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. He proposed that, apart from reviewing the Company's financial and business performance over the past year, he would also share with Shareholders the progress of certain matters which had aroused Shareholders' and public concern, the Company's outlook, and the Company's work in relation to corporate responsibility.

The Chairman noted that he had invited the representatives from KPMG and Slaughter and May, the Company's External Auditors and Legal Advisers respectively, as well as other relevant persons to attend the Meeting.

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 Before dealing with the proposed Resolutions of the Meeting, the Chairman thanked the three Directors of the Company, namely, Mr Vincent Cheng Hoi-chuen, Mr Lau Ping-cheung, Kaizer and Mr Abraham Shek Lai-him, who would retire from the Board, and the Company's former CEO, Mr Lincoln Leong Kwok-kuen, for their great contributions to the Company over the past years. The Chairman also welcomed the new Board Members who had joined the Board since the Company's 2018 Annual General Meeting, namely, the Permanent Secretary for Development (Works) (Mr Lam Sai-hung), Ms Rose Lee Wai-mun, Mr Rex Auyeung Pak-kuen, and the Company's current CEO, Dr Jacob Kam Chak-pui.

The Chairman noted that, as part of succession planning for the Company's Board of Directors, there would be resolutions relating to the proposed election of three new Board Members in the proceedings later in the Meeting.

The Chairman then shared with Shareholders a review of the Company's business performance over the last year.

The Chairman noted that, as mentioned in the Company's 2018 annual results published in March 2019, the overall financial performance of the Group had been satisfactory. There had been an increase in the recurrent business profit and underlying business profit of the Group in 2018.

The Chairman reported that the Company's overall financial position remained strong. At 31 December

2018, the Group's net debt-to-equity ratio had been approximately 18%, a decrease of 5.6% as compared to 2017. With a strong balance sheet and a diverse, resilient business model, the Company hoped to be able to provide shareholders with a steady and rising stream of dividend payments.

The Chairman noted that the Board, later at the Meeting, would recommend Shareholders to approve the declaration of the Company's 2018 final dividend of HK\$0.95 per share. After Shareholders' approval, this would bring the full year dividend for 2018 to HK\$1.2 per share, and this would be the twelfth consecutive year where there was an increase in the declared dividend.

The Chairman also noted that many people believed that train fares should be lowered given the Company's profitability year over year. However, looking at the return on equity of MTR's underlying business, its return had been 6.5% in 2018, which was lower than that of other public utility companies. In fact, the fare increase from the Fare Adjustment Mechanism had lagged behind inflation and wage growth levels in the past years. The Company had also provided many fare concessions to the public.

The Chairman drew Shareholders' attention to the fact that, in order to maintain a safe and efficient railway system, the Company was required to make significant investments in repairs, maintenance and upgrades. In this respect, MTR had invested more than HK\$9 billion in 2018, and would continue to invest in the future to upgrade its railway assets. Furthermore, rail operation and development was a long-term business and the Company could not solely focus on short or medium term financials. As a responsible corporation, MTR must also consider the development of the railway system in the long run, especially after the railway system had been in operation for some time.

The Chairman opined that fare revenue alone was not sufficient to support the significant investment required

to maintain MTR's safe and efficient railway system as mentioned above. As such, the Company would need to proactively develop other non-fare sources of income, such as through property development, leasing of investment properties, as well as station commercial business etc., to support the long-term requirement to repair, maintain and upgrade the railway system.

The Chairman suggested that Shareholders imagine if the Company could have sufficient funds to pay for its expenditures and grow its business if it did not have a sustainable and stable source of revenue. He believed that if MTR did not make sufficient investments to upgrade its railway system, the quality of railway services would be affected. He believed that Hong Kong people would not want this to happen. The Chairman hoped that, with a solid financial position, the Company would continue to provide high quality railway services to the public and continue to be the most trusted and reliable brand of Hong Kong.

The Chairman noted that the Company returned about 70% to 80% of its recurrent profit to its shareholders by means of dividend pay-outs every year. The dividend distributed to the HKSAR Government, being the Company's largest Shareholder which held approximately 75% of the Company's shares in issue, would ultimately go to Government's treasury and form part of public funds, benefiting the public indirectly. Moreover, the Company paid considerable amounts, directly and indirectly, to the HKSAR Government every year. Taking 2018 as an example, in addition to the HK\$5.1 billion that MTR paid to Government as ordinary share dividends, the amount of fixed and variable annual payments payable to the Kowloon-Canton Railway Corporation had been approximately HK\$3.1 billion. In addition, the amount of profits tax payable by the MTR Group to the HKSAR Government had been around HK\$1.9 billion. In aggregate, MTR had paid around HK\$10 billion to the HKSAR Government last year. The profit, apart from supporting the Company's business development, had also been reflected in the Company's share price. Based on the

Company's market value of about HK\$300 billion as at 22 May 2019, the Government's 75% shareholding interest in the Company amounted to over HK\$220 billion, which also formed part of the public's assets.

The Chairman indicated that, two years ago, he had already suggested Government to consider subsidizing the general public's transportation expenditure by using the dividend pay-outs made by MTR to Government, because he understood that transportation expenditure was a burden to citizens in general. He was very pleased to see that Government had taken up the suggestion through the subsidy scheme which had been implemented from January 2019. He hoped that this was good news to the general public.

The Chairman then shared with Shareholders the matters relating to (i) the work quality issue with respect to Hung Hom Station under the Shatin to Central Link ("SCL") project, and (ii) the Tsuen Wan Line ("TWL") accident which had happened during the testing of the signaling system during non-traffic hours, both of which had recently aroused public concern. The Chairman emphasized that the Board and himself had been closely monitoring these two events and had commissioned Management to follow up on the matters seriously and to maintain high transparency in the Company's fact finding and actions taken so as to ease the public's concerns.

In respect of the work quality issue at Hung Hom Station under the SCL project, the Chairman understood that the Company's project management performance on this project had fallen short of public expectations. Since this issue had come to light, the Company had been proactively responding to and co-operating with the Commission of Inquiry appointed by Government.

In March 2019, the Commission of Inquiry on the construction works at and near Hung Hom Station extension under the SCL project had stated in its interim report that it was confident that the diaphragm

wall and platform slab construction works of Hung Hom Station extension were safe. In respect of the other findings and recommendations in the Commission's interim report, the Company had taken account of and was implementing these to make further improvements. The Chairman noted that the Company had co-operated fully and would continue to work with Government to bring the matter to a close, to address outstanding matters, including funding, and to further progress the SCL project.

Regarding the incident which occurred during non-traffic hours as a result of the testing of the new signaling system for the TWL in March 2019, the Chairman highlighted that the Board was very concerned about the incident and had held a special Board Meeting to discuss the matter on the day following the incident. An Investigation Panel, whose members included both local and overseas experts, had been established to conduct a detailed investigation, with a view to preventing the reoccurrence of any similar incident and to ensure that the system was safe. The Company would submit an investigation report to Government at a later time. In addition, the Company had reserved its rights to claim against the contractor.

The Chairman reiterated that the Board took these two matters very seriously, given that safety was always the Company's top priority and there could be no compromise on this front.

The Chairman then shared with Shareholders the progress accomplished by the Company's various businesses.

The Chairman commended that the railway operations had performed well in 2018. As at 22 May 2019, the Company's Hong Kong rail network was 260-km long and connected the 18 districts of Hong Kong. In 2018, the average weekday patronage had been more than 5.8 million. While train frequency had increased, the passenger journey on-time performance for heavy rail



train services had been maintained at 99.9% in 2018. This good performance had made the Company one of the world's best railway operators.

In the coming years, with an aim to strive for excellence, the Chairman believed that the MTR team would continue to improve station facilities and services and strive to ensure that every passenger would enjoy a comfortable journey.

On the railway project front, the Chairman reported that the high-speed cross-boundary Express Rail Link - Hong Kong Section ("HSR") connecting Hong Kong to the Mainland of China, had commenced service on 23 September 2018. The commencement of HSR had marked one of the most important milestones in 2018 not just to the Company, but also to the Hong Kong public.

In addition, under Government's "Railway Development Strategy 2014", seven new railway projects had been proposed. The Chairman noted that the Company had submitted five proposals to Government and, for the remaining projects, the Company would await Government's invitation for proposal submissions.

The Chairman was pleased to note that, throughout the 40-year history of MTR, the Company had delivered many high quality projects for the people of Hong Kong. He was also glad to see three new lines opened during the term of his office, being the Kwun Tong Line Extension, the South Island Line and most recently the HSR, all of which were well received by the public. Having said that, the Chairman opined that there was always room for further improvement. While the Company needed to move forward, it was also imperative for MTR to learn from its painful lessons, so that the Company was better able to serve the people of Hong Kong in the future, as it continued to strive for further improvement and excellence.

The Chairman also remarked that MTR was dedicated to training railway management and operational talents.

Since the establishment of the MTR Academy in 2016, various railway-related service, maintenance and management programmes had been launched to train up more local, Mainland and overseas talents in railway-related professions.

Turning to the Company's property development business in Hong Kong, the Chairman noted that over 21,000 residential units were expected to be completed over the next six years. Furthermore, in relation to the plan to develop the existing Siu Ho Wan Depot into a community with public and private housing and community facilities, the Chief Executive in Council had already approved the draft Siu Ho Wan Outline Zoning Plan in February 2019.

With respect to the Company's investment properties in Hong Kong, the Chairman noted that three shopping mall projects at LOHAS Park, Tai Wai and Wong Chuk Hang would be added in four to five years' time, increasing the attributable gross floor area by approximately 49%.

Given Hong Kong was the home of MTR, the Chairman emphasized that serving the people of Hong Kong was always the Company's first priority. Having said that, expanding to new markets outside Hong Kong had not only generated additional revenue but had also enabled the Company to leverage on its skills and reputation and bring the MTR brand to the world stage. In 2018, the Company's overall business performance in the Mainland had been satisfactory. The Company had signed a series of agreements with local parties, including Beijing, Hangzhou, Chengdu, Shunde and Zhejiang, to open up new railway and property opportunities.

Turning to the Company's European businesses, the Chairman reported that, in 2018, the Company had partnered with an associated company of China Railway Corporation in the bidding for the West Coast Partnership franchise in the UK.

In Australia, the Company had also been involved in the Sydney Metro Northwest project, the first driverless train project, which would be open to the public soon.

The Chairman noted that the business outside Hong Kong had been overall profitable, although a few individual projects were facing challenges which the Company had been working hard to address. In particular and as previously highlighted, in respect of the railway operation in Shenzhen, the Company was keenly awaiting the result of the fare review process of the Shenzhen metro network to be announced by the Shenzhen municipal government. In addition, the Company had been working hard to overcome the challenges being experienced in the South Western Railway franchise in the UK and, at the same time, to get certain Swedish operations out of the red, the outcomes of which might affect the long term financial viability of these businesses.

The Chairman then turned to the subject “corporate social responsibility” and expressed that the Company’s responsibility in this area could not be achieved simply by reducing fares or by giving concessions to passengers. As a responsible corporation, MTR had proactively reached out to those in need and shared the Company’s success with them.

In terms of community support, the Chairman acknowledged that the Company had been providing various support to the elderly, mentally and physically challenged people, children, youth and underprivileged groups through community investment, volunteering projects, provision of free advertising space to non-profit organisations and making available retail shops for leasing to non-governmental social enterprises at nominal rents.

On top of the above, the Company had taken the initiative to provide assistance to the youth, with over 12,000 youngsters participating in the Company’s youth programmes in 2018, including the internship

programme and “Train for Life’s Journey” programmes. The Chairman noted that, during his term of office, the Company had also launched the “STEM Challenge”, a new programme encouraging secondary-school students to explore science, technology, engineering and mathematical subjects, and to stay curious about the world around them with a view to assisting these youths, who were the future owners of the society, to contribute back to the community. In addition, the Company had also invited about 10,000 senior citizens to enjoy a relaxing journey on the Ngong Ping 360 cable car each year.

Taking this opportunity, the Chairman thanked once again the more than 47,000 MTR staff in Hong Kong, the Mainland and overseas for their dedication and contributions. The Chairman appreciated that they were the most valuable assets of the Company. Although there were challenges to be resolved by the Company, the Chairman believed that they would continue to keep up their “can-do” spirit in order to overcome the challenges ahead to serve the general public. The Chairman commented that, in the days and years to come, he had no doubt that the Company would continue to provide high quality service to the public and to achieve new heights.

The Chairman also thanked all of his fellow Directors for their support to him and their contributions to the Company. Last but not least, the Chairman expressed his greatest gratitude to the Company’s dedicated shareholders for their long term support. He remarked that he was glad to see that MTR’s share price had increased steadily during his chairmanship over the past three years. Since he became Chairman from 1 January 2016 and up to 21 May 2019 market close, the Company’s total stock return in the past three and a half years had been 52%, which was 10% higher than that of the Hang Seng Index for the same period (42.3%), and had outperformed the market. Although the Company had seen lots of challenges in the past year, its total stock return for the same period had been 7.6%. When this was compared to the total stock

return of -8.2% of the Hang Seng Index, the Company's performance had been satisfactory. This also reflected investors' trust in and their support to the Company. In April 2019 and on 21 May 2019, the Company's share price had reached a new high of HK\$49 per share.

The Chairman noted that this was the last Annual General Meeting chaired by him as he would be retiring from the Company on 30 June 2019. He hoped that the Company's business and share price would continue to flourish under the leadership of the new Chairman and Management.

#### 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").

Mr Chee Ping Yap of Computershare then gave a demonstration on how electronic poll voting would work.

The Chairman thanked Mr Yap 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 2018 were taken as read with the permission from Shareholders.

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 2018), 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, Shareholders could go to the Customer Service Counter outside the Meeting Hall and the Company's colleagues there would be happy to answer or follow up.

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 2018, 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 2018 of HK\$0.95 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 /  
election of  
Retiring  
Directors

In accordance with the Articles, Dr Anthony Chow Wing-kin, Dr Allan Wong Chi-yun, Mr Rex Auyeung Pak-kuen and Dr Jacob Kam Chak-pui retired individually from the office of Director and, being eligible, offered themselves for re-election / election at the Meeting.

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

The Chairman then invited questions from Shareholders about Resolution 3 and reiterated that Shareholders should only ask questions in relation to Resolution 3. He also reminded that for questions not related to Resolution 3, Shareholders should ask their questions at the Customer Service Counter outside the Meeting Hall.

Questions  
Raised by  
Shareholders

**Madam Principal Chan**, Shareholder, opined that, as a member of the general public, she was very concerned whenever there were incidents happening like the recent incidents relating to the construction work of SCL and the testing of the new signalling system on the TWL. Having said that, Madam Chan thanked the Chairman for his leadership of the Company and suggested the Chairman to raise the 2018 final dividend from HK\$0.95 to HK\$1.45. She also opined that Government should return its dividends received from the Company to the public. Finally, Madam Chan welcomed Dr Jacob Kam to be the new CEO and Mr Rex Auyeung to be the new Chairman of the Company.

**Ms Doris Mok** (not having identified her capacity), noted that she was the owner of a residential unit in LOHAS Park and asked Mr Rex Auyeung to help settle the water leakage problem in her unit. Mr Auyeung replied that he would seek to understand more of Ms Mok's situation from the Company's management team

and look into it.

As there were no other questions from Shareholders, the Chairman conducted the poll on Resolution 3(a), that Dr Anthony Chow Wing-kin 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 Dr Allan Wong Chi-yun 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 Rex Auyeung Pak-kuen 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(c), the Chairman declared Resolution 3(c) carried.

The Chairman then proposed and conducted the poll on Resolution 3(d), that Dr Jacob Kam Chak-pui 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.

Election of New Director The Chairman proposed the poll on Resolution 4, namely, the ordinary resolution to elect Mr Walter Chan Kar-lok as a new member of the Board of Directors of the Company. The Chairman advised that Mr Chan'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.

Election of New Director The Chairman proposed the poll on Resolution 5, namely, the ordinary resolution to elect Mr Cheng Yan-kee as a new member of the Board of Directors of the Company. The Chairman advised that Mr Cheng's biographical details had been disclosed in the Company's circular for the Meeting.

The Chairman then 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.

Election of New Director The Chairman proposed the poll on Resolution 6, namely, the ordinary resolution to elect Mr Jimmy Ng Wing-ka as a new member of the Board of Directors of the Company. The Chairman advised that Mr Ng's biographical details had been disclosed in the Company's circular for the Meeting.

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.

Auditors The Chairman proposed and conducted the poll on Resolution 7, namely, the ordinary resolution to re-appoint KPMG as Auditors of the Company and to authorise the Board of Directors to determine their remuneration.

The Chairman then 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.

General  
Mandate

The Chairman proposed Resolution 8, 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 8

‘THAT:

- (A) subject to paragraph (B) below, the exercise by the Board 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 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 8 (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 8), 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 8:

(i) 'Relevant Period' means the period from (and including) the date of passing this Resolution 8 until the earlier of:

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

(b) the expiration of the period within which the

next annual general meeting of the Company is required by the Articles or by law to be held; and

- (c) the revocation or variation of the authority given under this Resolution 8 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 HKSE on the date of the agreement involving the proposed issue of the Shares under this Resolution 8; and
  - (b) the average closing price of the Shares as quoted on the HKSE 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 8.

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

Share  
Repurchase  
Mandate

The Chairman proposed Resolution 9, 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 9

'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 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 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 9 (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 9), and the said approval shall be limited accordingly; and

(C) for the purpose of this Resolution 9:

(i) 'Relevant Period' means the period from (and including) the passing of this Resolution 9 until the earlier of:

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

(b) the expiration of the period within which the next annual general meeting of the Company is required by the Articles or by law to be held; and

(c) the revocation or variation of the authority given under this Resolution 9 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 9.

As more than 50% of the votes were cast in favour of Resolution 9, the Chairman declared Resolution 9 carried.

Offer of a Scrip Dividend Alternative The Chairman proposed Resolution 10, namely the ordinary resolution to authorise the Board of Directors to exercise the power contained in Article 135 of the Articles to offer a scrip dividend alternative in respect of some or all of the dividends declared or paid in the

period commencing from the date of passing of this Resolution up to and including the Company's annual general meeting which was held in the fifth year after the date on which this Resolution was passed in the terms set out in the Notice of the Meeting as follows:

#### Resolution 10

'THAT

- (A) subject to paragraph (B) below, the exercise by the Board of the power contained in Article 135 of the Articles 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 commencing from the passing of this resolution 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 10 is passed (including, for any avoidance of doubt, any dividends which may be declared or paid in respect of the financial year ended 31 December 2023), 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 in accordance with Article 135 of the Articles such that, amongst other things, a shareholder who elects 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 10.

As more than 50% of the votes were cast in favour of Resolution 10, the Chairman declared Resolution 10 carried.

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

**Conclusion** The Chairman concluded the Meeting by thanking Shareholders for their attendance. The Chairman declared the formal Meeting closed at about 12:25 p.m. and reminded Shareholders to enjoy the tea and coffee outside the Meeting Hall and collect their refreshment packs on their way out.

The Chairman reminded attendees that, if Shareholders wanted to ask questions, they should follow the Company's house rules and the staff's guidance to queue up at the designated microphone positions. He added that, if Shareholders' questions were personal in nature, they should go to the Customer Service Counter outside the Meeting Hall and the Company's staff there would be pleased to assist.

There was a Shareholder who kept on yelling inside the Meeting Hall. The Chairman asked her to stop yelling several times, in order to allow other Shareholders to raise their questions.

**Questions Raised by Shareholders** **Mr Leo Cheung**, Shareholder, opined that the Company, besides putting efforts in making profit for its shareholders, should also take up its corporate social responsibility. He said he hoped that the new Management of the Company could provide property management services to the housing estates managed by MTR in accordance with respective estates' Deeds of Mutual Covenant. He also said that a solicitor's letter had been sent to the Company on some legal issues.



The Chairman thanked Mr Cheung for his comment and noted that the Property Director and his team had been carrying out their duties in accordance with the provisions of the respective housing estates' Deeds of Mutual Covenant.

**An anonymous speaker**, noted that she had sent 23 letters by registered mail to the Chairman since his appointment in January 2016 but no response with substance had been received. She also alleged that the property manager(s) of her housing estate had not acted in accordance with the estate's Deed of Mutual Covenant. She quoted an example of a recent notice convening an owners committee meeting of her housing estate which had specified that an owners committee meeting should not be convened until all outstanding legal disputes had been settled. She claimed that, however, the Company's property manager(s) had ignored the owners committee's and Government Property Agency's comments, and had requested the residential owners of her housing estate to pay project fees. The anonymous speaker said that she had sent letters to the Chairman and the new CEO on 18 and 30 April 2019, and a solicitor's letter to the CEO on 3 May 2019, but no response was received yet. The Chairman noted her comments and advised that the Company's property management colleagues would handle her questions.

**Mr PC Chan**, Shareholder, said that he would like to make the following suggestions to the Company:

- (i) Mr Chan noted that, whenever there was a disruption to the MTR railway service, the Company's station staff would only use a loud hailer to ask passengers to leave the MTR station without indicating the evacuation route. He opined that this had reflected the insufficient responsiveness and flexibility of both the station staff and passengers. He suggested that the Company could provide more information to coach passengers on how to leave an MTR station in an emergency with clear

indication of the emergency exits and the route to take a shuttle bus. He also opined that the station staff should guide passengers to leave an MTR station by following the Hong Kong pattern of walking up a staircase on the left-hand side, leaving the right-hand side passage for firemen such that they could access the incident location quickly. However, he noted that the guidance at Kowloon Tong Station would lead passengers to walk in the opposite direction which he found very odd.

- (ii) Mr Chan also suggested that the Company should replace all florescent lamps with LED lamps in all MTR stations and premises as well as the commercial buildings managed by the Company to save expenses on electricity. He quoted that the housing estate where he lived had saved HK\$1 million in electricity charges per annum after using LED lamps. He estimated that, if MTR could change to use LED lamps, millions of dollars could be saved each year, and the Company could contribute the saved money back to the general public which he believed would help enhance the Company's corporate reputation.

The Chairman took note of the above comments and expressed his appreciation to Mr Chan.

**Ms Mak Mei Chun**, Shareholder, said that she had suggested to Chairman two years ago to waive the HK\$2 concession fare for elderly passengers and allow elderly passengers to travel for free on the MTR. She noted that Shenzhen Metro had allowed elderly passengers to travel for free. The Chairman invited the CEO to answer.

The CEO responded that MTR had different classes of passengers and the Company had hoped that by offering different types of fare concessions, all classes of passengers could be benefited. He pointed out that, in fact, greater focus had been put on the fare concessions for the elderly, children and students. In respect of the HK\$2 fare concession for the elderly, the

CEO noted that in 2018 Government had contributed HK\$200 million while the Company had subsidized HK\$1 billion. In addition, to provide greater convenience to elderly passengers, the Company had kept on enhancing many station facilities such as enlarging exit signage and building more passenger lifts. As regards waiving the HK\$2 concession fare, the Chairman stated that CEO would continue looking into this. The Chairman and the CEO thanked Ms Mak for her suggestion.

**Mr Lam Tsui Kwok** (not having identified his capacity) suggested that MTR could consider setting up a subsidiary company to provide maintenance services for the residential units built atop the MTR stations which were managed by MTR. He opined that if the Company could provide quality maintenance services at reasonable fees, residents of the MTR managed properties would be keen to use the Company's maintenance services. The Chairman thanked Mr Lam for his good suggestion and noted that the CEO and the Property Director would look into this.

Mr Lam also urged the Company to complete the installation of platform screen doors at the East Rail Line stations as soon as possible to prevent any further falling onto track accidents. The Chairman thanked Mr Lam for his reminder.

**Mr Luk**, Shareholder, suggested the Company to discuss with Government the feasibility of spinning off the Company's property business from the railway business. He opined that it was unfair to use the profits gained from the Company's property business to subsidize the railway business which was subject to regulation in accordance with the Fare Adjustment Mechanism.

Mr Luk then noted that he agreed with the Shareholder who had just asked the Company and Government to provide free rides for elderly passengers. He suggested that Government and the Company might consider raising the age requirement of elderly passengers from

65 to 68 or even 70.

Mr Luk further noted that he had made a request at the Meeting last year for the installation of lockers in MTR stations for tourists.

The Chairman thanked Mr Luk for his various suggestions.

**Madam Principal Chan**, Shareholder, echoed the earlier requests from the other Shareholders for the Company to offer free rides to elderly passengers, and suggested that the Company should bring this up with Government seriously. The Chairman thanked Madam Principal Chan for her suggestion.

**An anonymous Shareholder** noted that she had been asked to open her bag for inspection after completing registration for the Meeting. She asked whether bag inspection had been conducted randomly as she did not see other Shareholders' bags being inspected. She suggested that the Company should state clearly under what circumstances bag inspection would be required.

She then noted that the Chairman would be retiring soon and invited the Chairman to act as a consultant for the owners of the residential units of the MTR managed properties to follow up on their behalf with the Company and the property developers on any outstanding maintenance issues. The Chairman thanked her for her invitation. The Shareholder also invited the Chairman to speak to an elderly person who lived alone in Le Prestige at LOHAS Park on her matters after the Meeting. The Chairman noted.

**Mr Yuen**, Shareholder, disclosed himself being the treasurer of Le Prestige of LOHAS Park, and noted that he had lodged a written complaint with the Company's Internal Audit Department three years ago to request for a review of the operations of the Company's property management department. He also noted that he had received an acknowledgement letter for his comments but, since then, he had not heard any further from the

Company on the said review or the results of the review.

He expressed his disappointment on the way the Company had handled his complaints. The Chairman invited him to write in again and said that the CEO and the Property Director would follow up.

**Ms Tse Yuen Wah**, Shareholder, referred to the Company's letter to shareholders on election of scrip or cash dividend and suggested the Company to list out in the said letter her existing shareholding and the number of scrip shares she could receive if she elected for scrip. The Chairman thanked Ms Tse for her good idea and believed that the Company's Management would follow up.

**Mr Chan**, Shareholder, opined that the signage of stations' names along the East Rail Line was too small, and suggested using light boxes to show stations' names which would be more eye-catching. The Chairman thanked him for this good suggestion.

The Chairman noted that all the proposed resolutions of the Meeting had been passed and thanked Shareholders again for their comments. He noted that there were still property related questions that some Shareholders would like to ask. He then invited them to go to the Customer Service Counter outside the Meeting Hall where the Company's staff could help to take down their questions and comments for the Property Director and his team to follow up.

(Signed by Prof. Frederick Ma)

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Chairman