

# Corporate Governance and Other Information

## Members of the Board, the Board Committees and the Executive Directorate

List of Members of the Board and the Executive Directorate and their Roles and Functions (as at 9 August 2016)

	Board Committees						
	Executive Committee	Audit Committee	Nominations Committee	Remuneration Committee	Capital Works Committee	Risk Committee	Corporate Responsibility Committee
<b>Members of the Board</b>							
<b>Non-executive Directors</b>							
Professor Frederick Ma Si-hang (Chairman)			M	M			C
Professor Chan Ka-keung, Ceajer (Secretary for Financial Services and the Treasury)			M	M			
Secretary for Transport and Housing (Professor Anthony Cheung Bing-leung)			M	M			
Permanent Secretary for Development (Works) (Hon Chi-keung)					M	M	
Commissioner for Transport (Ingrid Yeung Ho Poi-yan)		M				M	
<b>Independent Non-executive Directors</b>							
Pamela Chan Wong Shui			M				M
Dr Dorothy Chan Yuen Tak-fai				C	M		
Vincent Cheng Hoi-chuen				M			M
Anthony Chow Wing-kin				M	M		
Dr Eddy Fong Ching		C	M				
James Kwan Yuk-choi					M	M	
Lau Ping-cheung, Kaizer					M		M
Lucia Li Li Ka-lai		M				M	
Alasdair George Morrison		M				C	
Ng Leung-sing			M			M	
Abraham Shek Lai-him			C		M		
Benjamin Tang Kwok-bun				M		M	
Dr Allan Wong Chi-yun		M			C		
<b>Executive Director</b>							
Lincoln Leong Kwok-kuen (Chief Executive Officer)	C						M
<b>Members of the Executive Directorate</b>							
Lincoln Leong Kwok-kuen (Chief Executive Officer)	C						M
Jacob Kam Chak-pui (Managing Director-Operations and Mainland Business)	M						
Margaret Cheng Wai-ching (Human Resources Director)	M						M
Morris Cheung Siu-wa (President of MTR Academy)	M						
Peter Ronald Ewen (Engineering Director)	M						
Herbert Hui Leung-wah (Finance Director)	M						
Adi Lau Tin-shing (Operations Director)	M						
Gillian Elizabeth Meller (Legal and European Business Director)	M						
Linda So Ka-pik (Corporate Affairs Director)	M						M
David Tang Chi-fai (Property Director)	M						
Philco Wong Nai-keung (Projects Director)	M						
Jeny Yeung Mei-chun (Commercial Director)	M						

C: Chairman of the committee  
M: Member of the committee

# Corporate Governance and Other Information

Corporate governance is the collective responsibility of Members of the Board and the Board firmly believes that good corporate governance is fundamental in ensuring the proper management of the Company in the interests of all of its stakeholders. The Board seeks to identify and formalise best practices for adoption by the Company on a continuous basis.

## Corporate Governance Code Compliance

During the six months' period ended 30 June 2016, the Company has complied with the Code Provisions set out in the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

## Business Ethics

Practising integrity and responsible business ethics is paramount to the Company's continued success. The Company's Code of Conduct lays down the requirements of the Company in terms of ethical practices and obliges staff to operate transparently and under the highest principles of fairness, impartiality and integrity in all of the places where the Company does business.

The Code of Conduct is reviewed and updated periodically to ensure appropriateness and compliance with corporate and regulatory requirements. Education programmes are in place to raise staff awareness. Staff members are also encouraged to report existing or perceived violations and malpractices. Proper procedures have already been put in place pursuant to the Whistle-blowing policy of the Company, under which staff members can raise their concerns in a safe environment and in complete confidence if they have genuine suspicions about wrongdoings.

To enable new recruits to embrace the Company's values and ethical commitments, they will be briefed on the Code of Conduct as part of the staff induction programme. In addition, the Code of Conduct is uploaded onto the Company's website ([www.mtr.com.hk](http://www.mtr.com.hk)).

The Code also serves as a guideline to promote a comparable ethical culture in our subsidiaries and associates in Hong Kong, the Mainland of China and overseas.

## Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules ("Model Code"). After having made specific enquiry, the Company confirms that Members of the Board and their alternate directors, and Members of the Executive Directorate have complied with the Model Code throughout the six months' period ended 30 June 2016.

Senior managers, other nominated managers and staff who, because of their office in the Company, are likely to be in possession of Inside Information (which term shall bear the same meaning as in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) ("SFO")) of the Company, have also been requested to comply with the provisions of the Model Code.

## Changes during the period from 1 January 2016 to 9 August 2016

### Changes in Composition of Members of the Board

1. Professor Frederick Ma Si-hang, a Non-executive Director ("NED") of the Company, was appointed as the Chairman of the Company, the chairman of the Corporate Responsibility Committee, and a member of each of the Nominations Committee and the Remuneration Committee of the Company with effect from 1 January 2016. He ceased to be a member of the Audit Committee of the Company with effect from the same date.
2. Mr Abraham Shek Lai-him, an Independent Non-executive Director ("INED") of the Company, ceased to be a member of the Corporate Responsibility Committee of the Company with effect from 1 January 2016.
3. Mr Benjamin Tang Kwok-bun, an INED of the Company, was appointed as a member of the Remuneration Committee of the Company and ceased to be a member of the Capital Works Committee of the Company, both with effect from 1 January 2016.
4. Mr Anthony Chow Wing-kin, who was elected as a new Member of the Board of Directors of the Company at the Company's 2016 Annual General Meeting held on 18 May 2016 (the "2016 AGM"), became an INED and a member of each of the Capital Works Committee and the Remuneration Committee of the Company with effect from the conclusion of the 2016 AGM.

5. Dr Allan Wong Chi-yun became the chairman of the Capital Works Committee of the Company with effect from the conclusion of the 2016 AGM.
6. Mr Edward Ho Sing-tin, who did not stand for re-election at the 2016 AGM, retired as an INED of the Company, the chairman of the Capital Works Committee and a member of the Remuneration Committee of the Company, all with effect from the conclusion of the 2016 AGM.

#### Change in Composition of Alternate Director

Mr Andrew Lai Chi-wah (Deputy Secretary for Financial Services and the Treasury (Treasury)<sup>2</sup> of the Financial Services and the Treasury Bureau) became an Alternate Director to Professor Chan Ka-keung, Ceajer (Secretary for Financial Services and the Treasury), a NED of the Company, replacing Ms Mable Chan with effect from 1 August 2016.

#### Changes in Composition of Members of the Executive Directorate

1. With effect from 1 January 2016, Ms Linda So Ka-pik, the Company's Corporate Affairs Director, became a member of the Corporate Responsibility Committee of the Company.
2. With effect from 22 February 2016, Dr Peter Ronald Ewen became the Company's Engineering Director and a member of the Executive Directorate of the Company. Dr Ewen heads a new Engineering Division to drive excellence in the Company's Engineering functions and to strengthen its control and check and balance processes. In his current role, he is also responsible for overseeing the procurement and contract administration function to help centralise the planning and check and balance functions for the Company's new railway and asset replacement projects within the Company's Engineering Division.
3. With effect from 1 May 2016, Dr Jacob Kam Chak-pui became the Company's Managing Director – Operations and Mainland Business and ceased to be Operations Director of the Company. Dr Kam, in his current role, is responsible for overseeing the Company's transport operations in Hong Kong and its rail and property businesses in the Mainland of China. He is also responsible for overseeing railway operations standards and ensuring mutual learning of best practices among all the Company's railway operations globally. He continues to be a member of the Executive Directorate of the Company.
4. With effect from 1 May 2016, Mr Adi Lau Tin-shing became the Company's Operations Director and a member of the Executive Directorate of the Company. Mr Lau succeeded Dr Kam as Operations Director and is responsible for overseeing the Company's railway operations in Hong Kong.
5. With effect from 1 June 2016, Ms Margaret Cheng Wai-ching became the Company's Human Resources Director, a member of the Executive Directorate of the Company and a member of the Corporate Responsibility Committee of the Company.
6. With effect from 1 July 2016, Mr Morris Cheung Siu-wa became President of MTR Academy of the Company and ceased to be the Company's European Business Director. Mr Cheung, in his current role, spearheads and oversees the development of the MTR Academy, with an objective to develop competent railway professionals through offering programmes related to railway engineering, operations, management and customer service, and undertaking rail-related research. He continues to be a member of the Executive Directorate. He ceased to be a member of the Corporate Responsibility Committee of the Company with effect from 1 January 2016.
7. With effect from 1 July 2016, Ms Gillian Elizabeth Meller became the Company's Legal and European Business Director. Ms Meller, in her current role, is responsible for managing and overseeing the growth of the Company's European business, in addition to her responsibilities as the Company's Legal Director and Secretary. She continues to be a member of the Executive Directorate and the Company Secretary of the Company. She ceased to be a member of the Corporate Responsibility Committee of the Company with effect from 1 January 2016.
8. With effect from 2 July 2016, Mr Herbert Hui Leung-wah became the Company's Finance Director and a member of the Executive Directorate of the Company. Mr Hui joined the Company as Finance Director – Designate on 1 June 2016.
9. With effect from 2 July 2016, Mr Stephen Law Cheuk-kin ceased to be the Company's Finance Director and a member of the Executive Directorate of the Company, upon expiry of his service contract with the Company.

# Corporate Governance and Other Information

## Changes in Information

Changes in information of Directors which are required to be disclosed pursuant to the requirement of Rule 13.51B (1) of the Listing Rules are set out below:

Name of Director	Changes in Information
	<b>New appointments</b>
Philco Wong Nai-keung	Council member of Construction Industry Council and a member of its Committee on Construction Safety (both since 1 February 2016)
Jeny Yeung Mei-chun	(1) Chartered Fellow of The Chartered Institute of Logistics and Transport in Hong Kong (since 15 February 2016) (2) Member of the Hong Kong Tourism Board (since 1 March 2016) (3) Member of the Advisory Committee on Enhancing Self-Reliance Through District Partnership (ESR) Programme (since 1 July 2016)
Lincoln Leong Kwok-kuen	Chartered Fellow of The Chartered Institute of Logistics and Transport in Hong Kong (since 18 April 2016)
Gillian Elizabeth Meller	Fellow of The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries (since 31 May 2016)
Lau Ping-cheung, Kaizer	Chairperson of the Traffic, Transport and District Improvement Items Subcommittee of the Lantau Development Advisory Committee (since 30 June 2016)
	<b>Re-appointments</b>
Lau Ping-cheung, Kaizer	Member of the Lantau Development Advisory Committee (since 1 February 2016)
Dr Dorothy Chan Yuen Tak-fai	Advisor to the Serco Group (HK) Limited (since 1 April 2016)
David Tang Chi-fai	NED of Urban Renewal Authority of the HKSAR Government (since 1 May 2016)
Jeny Yeung Mei-chun	Member of the Marketing Management Committee of The Hong Kong Management Association (since 7 July 2016)
	<b>Cessation of appointments</b>
Lau Ping-cheung, Kaizer	Deputy Chairperson of the Planning and Conservation Subcommittee of the Lantau Development Advisory Committee (until 31 January 2016)
Philco Wong Nai-keung	Member of the Committee on Procurement and Subcontracting of Construction Industry Council (until 31 January 2016)
Professor Frederick Ma Si-hang	(1) NED of China Mobile Communications Corporation (until 2 February 2016) (2) INED and chairman of the Audit and Compliance Committee of Agricultural Bank of China Limited (until 12 May 2016)
Abraham Shek Lai-him	Director of The Hong Kong Mortgage Corporation Limited (until 25 April 2016)
Lincoln Leong Kwok-kuen	Member of the Board of Governors of The Chinese International School Foundation Limited (until 25 May 2016)
Dr Eddy Fong Ching	Chairman of the Council of The Open University of Hong Kong (until 19 June 2016)
Anthony Chow Wing-kin	INED of Fountain Set (Holdings) Limited (until 24 June 2016)
Pamela Chan Wong Shui	Chairman of Hong Kong Deposit Protection Board (until 30 June 2016)
Benjamin Tang Kwok-bun	Council Member of Centennial College (until 30 June 2016)

## Training and Continuous Professional Development

For continuous professional development, Members of the Board and the Executive Directorate are encouraged to attend relevant seminars and courses at the cost of the Company.

In March 2016, a site visit to the MTR Gallery at Kowloon Station, The Elements, the West Kowloon Terminus site, Tsing Yi Operations Control Centre, Maritime Square and its extension as well as Tierra Verde, was arranged for Members of the Board to give them first-hand on-site understanding about the Company's railway operations, property and projects businesses. In addition, a site visit to different construction sites of the Express Rail Link project was arranged for Members of the Capital Works Committee to allow them to acquire a better understanding of the site conditions and construction progress.

The Company's external legal advisor gave a briefing to Members of the Board and Members of the Executive Directorate on the topics covered in the annual update to the Directors' Manual at the January 2016 Board Meeting.

## Board and Board Committee Meetings

### Regular Board Meetings

The Board held three regular meetings during the six months' period ended 30 June 2016. At these regular meetings, the Board reviewed and discussed matters relating to the different businesses and financial performance of the Company. In addition, other key matters discussed at these Board meetings included:

- Directors' Manual update;
- Election / re-election of Directors at the 2016 AGM, proposed nomination of a new Board Member, and proposed changes in the composition of Board Committees;
- 2016 AGM;
- Annual review of size, structure and composition of the Board;

- Annual review of corporate governance functions;
- Risk management and internal control systems effectiveness for 2015;
- Contract awards relating to railway projects and property work;
- Update on new railway projects;
- Update on various major projects relating to the operating railway in Hong Kong;
- Annual train service performance and customer feedback 2015;
- Next generation railway – Rail Gen 2.0;
- Principles for revising MTR fares under Fare Adjustment Mechanism in 2016;
- MTR Academy;
- Update on China business and development;
- Investment project in Europe;
- 2015 Annual Report and Accounts;
- Corporate Safety Governance Annual Report 2015;
- Sustainability Report 2015;
- Ngong Ping 360 Limited 2015 annual results;
- Enterprise Risk Management Half Yearly Report 2015; and
- Proceedings of Audit Committee, Corporate Responsibility Committee, Capital Works Committee and Risk Committee.

### Special Board Meetings

The Chairman held four special Board meetings during the six months' period ended 30 June 2016 and a number of matters were covered, including the Express Rail Link project, the MTR Academy, the proposed early review of the Fare Adjustment Mechanism and an investment project in the Mainland of China.

# Corporate Governance and Other Information

## Private Board Meetings

The Chairman held two private Board meetings during the six months' period ended 30 June 2016. At these meetings, the Board discussed the performance of members and changes to the organizational structure of the Executive Directorate.

## Board Committee Meeting

A meeting of the Board committee was held on 11 March 2016 to consider and approve:

- (i) the final dividend for the year ended 31 December 2015;
- (ii) the 2015 Annual Report and Accounts with recommendation of the same for shareholders' approval at the 2016 AGM; and
- (iii) the Preliminary Announcement of Results.

## Communication With Shareholders

### General Meeting

The Company convened a general meeting on 1 February 2016 (the "General Meeting") to obtain the approval of the Company's independent shareholders for the purposes of implementing all the arrangements contained in the Deed of Agreement in relation to the Express Rail Link between HKSAR Government and the Company dated 30 November 2015, including declaration of a special dividend (the "Ordinary Resolution").

The Ordinary Resolution at the General Meeting was passed by way of a poll with overwhelming support of more than 98% of votes in favour, and the poll results were posted on the respective websites of the Company ([www.mtr.com.hk](http://www.mtr.com.hk)) and The Stock Exchange of Hong Kong Limited ("HKSE") on the same day after the General Meeting.

To facilitate the Company's shareholders who did not attend the General Meeting, the whole proceedings were webcast and posted on the Company's website ([www.mtr.com.hk](http://www.mtr.com.hk)) in the same evening.

## Annual General Meeting

The Company's 2016 AGM was held on 18 May 2016. The Chairman continued his practice of proposing separate resolutions for each substantially separate matter.

In addition to the receipt and consideration of annual Audited Accounts, re-appointment of auditors, and granting of general mandates for the issue and purchase of the Company's shares, shareholders of the Company also approved, with more than 93% of votes in favour in each case, the following resolutions:

- Re-election of Mr Vincent Cheng Hoi-chuen and election of Mr Lau Ping-cheung, Kaizer and Dr Allan Wong Chi-yun as Members of the Board of the Company;
- Election of Mr Anthony Chow Wing-kin as a new Member of the Board of Directors of the Company; and
- Declaration of a final dividend of HK\$0.81 per share for the year ended 31 December 2015, giving a full year dividend of HK\$1.06 per share, which was an increase of 0.95% compared to the dividend declared for 2014.

All resolutions at the 2016 AGM were passed by way of a poll, and the poll results were posted on the respective websites of the Company ([www.mtr.com.hk](http://www.mtr.com.hk)) and the HKSE.

For the benefit of the Company's shareholders who did not attend the 2016 AGM, the whole proceedings were recorded and posted on the Company's website ([www.mtr.com.hk](http://www.mtr.com.hk)) in the same evening.

## Constitutional Document

The Company's Articles of Association (in both English and Chinese) are available on the Company's website ([www.mtr.com.hk](http://www.mtr.com.hk)) and the HKSE's website. During the six months' period ended 30 June 2016, there was no change to the Company's Articles of Association.



## Directors' Interests in Shares and Underlying Shares of the Company

As at 30 June 2016, the interests or short positions of the Members of the Board and the Executive Directorate in the shares, underlying shares and debentures of the Company (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the HKSE pursuant to the Model Code, were as follows:

Member of the Board and/or the Executive Directorate	No. of Ordinary Shares held				No. of Share Options <sup>#</sup>	No. of Share Awards <sup>#</sup>	Total interests	Percentage of aggregate interests to total no. of voting shares in issue
	Personal interests <sup>*</sup>	Family interests <sup>†</sup>	Other interests	Corporate interests	Personal interests <sup>*</sup>	Personal interests <sup>*</sup>		
Frederick Ma Si-hang	–	70,000 (Note 1)	70,000 (Note 1)	–	–	–	70,000	0.00119
Lincoln Leong Kwok-kuen	1,180,066	–	–	23,000 (Note 2)	–	359,984	1,563,050	0.02658
Pamela Chan Wong Shui	9,002	1,675	–	–	–	–	10,677	0.00018
Vincent Cheng Hoi-chuen	1,675	1,675	–	–	–	–	3,350	0.00006
Lucia Li Li Ka-lai	–	1,614 (Note 3)	2,215 (Note 3)	–	–	–	3,829	0.00007
Ingrid Yeung Ho Poi-yan	1,116	–	–	–	–	–	1,116	0.00002
Jacob Kam Chak-pui	165,633	–	–	–	–	93,850	259,483	0.00441
Morris Cheung Siu-wa	43,598	–	–	–	–	43,750	87,348	0.00149
Peter Ronald Ewen (Note 4)	–	–	–	–	–	35,700	35,700	0.00061
Adi Lau Tin-shing (Note 5)	20,971	–	–	–	158,000	26,684	205,655	0.00350
Stephen Law Cheuk-kin (Note 6)	5,566	–	–	–	65,000	68,734	139,300	0.00237
Gillian Elizabeth Meller	5,650	–	–	–	–	86,200	91,850	0.00156
Linda So Ka-pik (Note 7)	–	–	–	–	–	60,450	60,450	0.00103
David Tang Chi-fai	86,783	–	–	–	–	87,850	174,633	0.00297
Philco Wong Nai-keung	7,233	–	–	–	55,000	93,267	155,500	0.00264
Jeny Yeung Mei-chun	562,850	–	–	–	–	89,350	652,200	0.01109

### Notes

- 1 The 70,000 shares were indirectly held by The Ma Family Trust established by Professor Frederick Ma Si-hang for himself and his family of which his spouse was also a beneficiary.
- 2 The 23,000 shares were held by Linsan Investment Ltd., a private limited company beneficially wholly owned by Mr Lincoln Leong Kwok-kuen.
- 3 The 1,614 shares were held by Mrs Lucia Li Li Ka-lai's spouse and the 2,215 shares were jointly held by Mrs Li and her spouse.
- 4 Dr Peter Ronald Ewen was appointed as Engineering Director and a Member of the Executive Directorate of the Company with effect from 22 February 2016.
- 5 Mr Adi Lau Tin-shing was appointed as Operations Director and a Member of the Executive Directorate of the Company with effect from 1 May 2016.
- 6 Mr Stephen Law Cheuk-kin ceased to be Finance Director and a Member of the Executive Directorate of the Company with effect from 2 July 2016.
- 7 Ms Linda So Ka-pik was appointed as Corporate Affairs Director and a Member of the Executive Directorate of the Company with effect from 16 September 2015.

<sup>#</sup> Details of the Share Options and Share Awards are set out in the sections headed "2007 Share Option Scheme" and "2014 Share Incentive Scheme" respectively on pages 38 to 41

<sup>\*</sup> Interests as beneficial owner

<sup>†</sup> Interests of spouse or child under 18 as beneficial owner

Save as disclosed above and the sections headed "2007 Share Option Scheme" and "2014 Share Incentive Scheme":

- A** as at 30 June 2016, no Member of the Board or the Executive Directorate of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO); and
- B** during the six months' period ended 30 June 2016, no Member of the Board or the Executive Directorate nor any of their spouses or children under 18 years of age held any rights to subscribe for equity or debt securities of the Company nor had there been any exercises of any such rights by any of them,

as recorded in the register kept by the Company under section 352 of the SFO or otherwise notified to the Company and the HKSE pursuant to the Model Code.

# Corporate Governance and Other Information

## Substantial Shareholders' Interests

Set out below is the name of the party which was interested in 5% or more of all the Company's voting shares in issue and the number of shares in which it was interested as at 30 June 2016 as recorded in the register kept by the Company under section 336 of the SFO:

Name	No. of Ordinary Shares	Percentage of Ordinary Shares to all the voting shares in issue
The Financial Secretary Incorporated ("FSI") (in trust on behalf of Government)	4,434,552,207	75.40%

The Company has been informed by the Hong Kong Monetary Authority that, as at 30 June 2016, approximately 0.50% of the shares of the Company (not included in the FSI shareholding set out in the above table) were held for the account of the Exchange Fund. The Exchange Fund is a fund established under the Exchange Fund Ordinance (Cap. 66 of the Laws of Hong Kong) under the control of the Financial Secretary.

## Other Persons' Interests

Save as disclosed in the sections headed "Directors' Interests in Shares and Underlying Shares of the Company" and "Substantial Shareholders' Interests", as at 30 June 2016, no other persons had any interests or short positions in the shares or underlying shares of the Company as recorded in the register kept by the Company under section 336 of the SFO or otherwise notified to the Company and the HKSE.

## 2007 Share Option Scheme

Movements in the outstanding share options to subscribe for ordinary shares of the Company granted under the 2007 Share Option Scheme during the six months' period ended 30 June 2016 are set out below:

Executive Directorate and eligible employees	Date granted	Options granted (Notes 1 to 3)	Period during which rights exercisable (day/month/year)	Options outstanding as at 1 January 2016	Options vested during the period	Options lapsed during the period	Options exercised during the period	Exercise price per share of options (HK\$)	Options outstanding as at 30 June 2016	Weighted average closing price of shares immediately before the date(s) on which options were exercised (HK\$)
Lincoln Leong Kwok-kuen	10/12/2009	170,000	8/12/2010 – 8/12/2016	170,000	–	–	170,000	26.85	–	38.40
	17/12/2010	170,000	16/12/2011 – 16/12/2017	170,000	–	–	170,000	28.84	–	38.40
	30/3/2012	201,000	23/3/2013 – 23/3/2019	201,000	–	–	201,000	27.48	–	38.40
	6/5/2013	256,000	26/4/2014 – 26/4/2020	256,000	85,000	–	256,000	31.40	–	38.31
Jacob Kam Chak-pui	14/12/2009	65,000	8/12/2010 – 8/12/2016	65,000	–	–	65,000	26.85	–	38.40
	21/7/2010	50,000	28/6/2011 – 28/6/2017	50,000	–	–	50,000	27.73	–	38.40
	17/12/2010	170,000	16/12/2011 – 16/12/2017	170,000	–	–	170,000	28.84	–	38.40
	30/3/2012	172,000	23/3/2013 – 23/3/2019	172,000	–	–	172,000	27.48	–	38.40
	6/5/2013	202,500	26/4/2014 – 26/4/2020	202,500	67,500	–	202,500	31.40	–	38.40
Morris Cheung Siu-wa	21/7/2010	35,000	28/6/2011 – 28/6/2017	11,000	–	–	11,000	27.73	–	37.55
	20/12/2010	65,000	16/12/2011 – 16/12/2017	21,000	–	–	21,000	28.84	–	37.55
	30/3/2012	122,000	23/3/2013 – 23/3/2019	122,000	–	–	122,000	27.48	–	37.55
	6/5/2013	180,500	26/4/2014 – 26/4/2020	180,500	59,500	–	180,500	31.40	–	37.96
Adi Lau Tin-shing (Note 4)	11/12/2009	75,000	8/12/2010 – 8/12/2016	75,000	–	–	75,000	26.85	–	38.20
	21/12/2010	75,000	16/12/2011 – 16/12/2017	75,000	–	–	75,000	28.84	–	38.45
	30/3/2012	69,000	23/3/2013 – 23/3/2019	69,000	–	–	69,000	27.48	–	38.45
	6/5/2013	78,000	26/4/2014 – 26/4/2020	78,000	26,000	–	–	31.40	78,000	–
	30/5/2014	80,000	23/5/2015 – 23/5/2021	80,000	27,000	–	–	28.65	80,000	–
Stephen Law Cheuk-kin (Note 5)	1/11/2013	196,000	25/10/2014 – 25/10/2020	196,000	–	–	131,000	29.87	65,000	38.65
Gillian Elizabeth Meller	10/12/2009	65,000	8/12/2010 – 8/12/2016	65,000	–	–	65,000	26.85	–	38.45
	17/12/2010	90,000	16/12/2011 – 16/12/2017	90,000	–	–	90,000	28.84	–	38.45
	30/3/2012	158,500	23/3/2013 – 23/3/2019	158,500	–	–	158,500	27.48	–	38.45
	6/5/2013	184,000	26/4/2014 – 26/4/2020	184,000	61,000	–	184,000	31.40	–	38.45
David Tang Chi-fai	15/12/2009	65,000	8/12/2010 – 8/12/2016	43,000	–	–	43,000	26.85	–	38.25
	17/12/2010	65,000	16/12/2011 – 16/12/2017	65,000	–	–	65,000	28.84	–	37.55
	30/3/2012	163,500	23/3/2013 – 23/3/2019	163,500	–	–	163,500	27.48	–	37.83
	6/5/2013	182,500	26/4/2014 – 26/4/2020	182,500	60,500	–	182,500	31.40	–	38.43



## 2007 Share Option Scheme (continued)

Executive Directorate and eligible employees	Date granted	Options granted (Notes 1 to 3)	Period during which rights exercisable (day/month/year)	Options outstanding as at 1 January 2016	Options vested during the period	Options lapsed during the period	Options exercised during the period	Exercise price per share of options (HK\$)	Options outstanding as at 30 June 2016	Weighted average closing price of shares immediately before the date(s) on which options were exercised (HK\$)
Philco Wong Nai-keung	30/3/2012	70,500	23/3/2013 – 23/3/2019	23,500	–	–	23,500	27.48	–	38.50
	6/5/2013	81,000	26/4/2014 – 26/4/2020	81,000	27,000	–	81,000	31.40	–	38.50
	30/5/2014	83,000	23/5/2015 – 23/5/2021	83,000	28,000	–	28,000	28.65	55,000	38.50
Jeny Yeung Mei-chun	10/12/2009	65,000	8/12/2010 – 8/12/2016	65,000	–	–	65,000	26.85	–	38.40
	17/12/2010	65,000	16/12/2011 – 16/12/2017	65,000	–	–	65,000	28.84	–	38.40
	30/3/2012	161,000	23/3/2013 – 23/3/2019	161,000	–	–	161,000	27.48	–	38.40
	6/5/2013	187,000	26/4/2014 – 26/4/2020	187,000	62,000	–	187,000	31.40	–	38.40
Other eligible employees	9/12/2009	670,000	8/12/2010 – 8/12/2016	470,000	–	–	470,000	26.85	–	38.40
	10/12/2009	2,551,000	8/12/2010 – 8/12/2016	726,000	–	–	558,000	26.85	168,000	38.31
	11/12/2009	2,297,000	8/12/2010 – 8/12/2016	570,500	–	–	428,500	26.85	142,000	38.02
	12/12/2009	610,000	8/12/2010 – 8/12/2016	135,000	–	–	135,000	26.85	–	38.40
	14/12/2009	2,443,000	8/12/2010 – 8/12/2016	514,000	–	–	287,000	26.85	227,000	37.91
	15/12/2009	2,773,000	8/12/2010 – 8/12/2016	532,000	–	–	380,000	26.85	152,000	38.15
	16/12/2009	1,550,000	8/12/2010 – 8/12/2016	373,500	–	–	247,500	26.85	126,000	38.38
	17/12/2009	1,000,000	8/12/2010 – 8/12/2016	167,000	–	–	84,000	26.85	83,000	38.31
	18/12/2009	389,000	8/12/2010 – 8/12/2016	108,000	–	–	70,000	26.85	38,000	38.03
	19/12/2009	70,000	8/12/2010 – 8/12/2016	70,000	–	–	70,000	26.85	–	38.69
	20/12/2009	75,000	8/12/2010 – 8/12/2016	75,000	–	–	50,000	26.85	25,000	38.30
	21/12/2009	520,000	8/12/2010 – 8/12/2016	158,000	–	–	44,000	26.85	114,000	38.28
	22/12/2009	256,000	8/12/2010 – 8/12/2016	122,000	–	–	65,000	26.85	57,000	38.85
	21/7/2010	270,000	28/6/2011 – 28/6/2017	45,000	–	–	–	27.73	45,000	–
	16/12/2010	194,000	16/12/2011 – 16/12/2017	55,000	–	–	55,000	28.84	–	38.60
	17/12/2010	4,907,000	16/12/2011 – 16/12/2017	2,349,000	–	6,000	1,677,000	28.84	666,000	38.30
	18/12/2010	673,000	16/12/2011 – 16/12/2017	389,500	–	–	145,000	28.84	244,500	38.32
	19/12/2010	174,000	16/12/2011 – 16/12/2017	25,000	–	–	25,000	28.84	–	38.30
	20/12/2010	4,789,500	16/12/2011 – 16/12/2017	1,675,000	–	–	809,000	28.84	866,000	38.39
	21/12/2010	3,020,000	16/12/2011 – 16/12/2017	1,096,500	–	–	496,500	28.84	600,000	38.21
	22/12/2010	975,000	16/12/2011 – 16/12/2017	486,000	–	–	178,000	28.84	308,000	37.61
	23/12/2010	189,000	16/12/2011 – 16/12/2017	75,000	–	–	17,000	28.84	58,000	38.60
	7/7/2011	215,000	27/6/2012 – 27/6/2018	35,000	–	–	–	26.96	35,000	–
30/3/2012	15,868,500	23/3/2013 – 23/3/2019	7,258,000	–	9,500	3,342,500	27.48	3,906,000	38.20	
6/5/2013	20,331,500	26/4/2014 – 26/4/2020	15,559,000	5,925,500	48,000	6,666,500	31.40	8,844,500	38.37	
1/11/2013	188,500	25/10/2014 – 25/10/2020	188,500	15,500	46,500	96,000	29.87	46,000	38.13	
30/5/2014	19,812,500	23/5/2015 – 23/5/2021	17,796,000	6,389,500	154,500	2,882,500	28.65	14,759,000	37.97	

### Notes

- No option may be exercised later than seven years after its date of offer and no option may be offered to be granted more than seven years after the adoption of the 2007 Share Option Scheme on 7 June 2007. The 2007 Share Option Scheme expired at 5.00 p.m. on 6 June 2014, with no further option granted since then.
- The exercise price of the share options is determined upon the offer of grant of the options and should not be less than the greatest of (a) the average closing price per share of the Company for the five business days immediately preceding the date of offer of such options; (b) the closing price per share of the Company on the date of offer of such options, which must be a business day; and (c) the nominal value per share of the Company immediately before 3 March 2014.
- The proportion of underlying shares in respect of which the above share options will vest is as follows:

Date	Proportion of underlying shares in respect of which an option is vested
Before the first anniversary of the date of offer of the option (the "Offer Anniversary")	none
From the first Offer Anniversary to the date immediately before the second Offer Anniversary	one-third
From the second Offer Anniversary to the date immediately before the third Offer Anniversary	two-thirds
From the third Offer Anniversary and thereafter	all

- Mr Adi Lau Tin-shing was appointed as Operations Director and a Member of the Executive Directorate of the Company with effect from 1 May 2016.
- Mr Stephen Law Cheuk-kin ceased to be Finance Director and a Member of the Executive Directorate of the Company with effect from 2 July 2016.

# Corporate Governance and Other Information

## 2014 Share Incentive Scheme

The Company adopted the 2014 Share Incentive Scheme on 15 August 2014. The purposes of the 2014 Share Incentive Scheme are to retain management and key employees, to align participants' interests with the long-term success of the Company and to drive the achievement of strategic objectives of the Company.

The Remuneration Committee may, from time to time, at its absolute discretion, determine the criteria for any eligible employee to participate in the 2014 Share Incentive Scheme as award holders in accordance with the rules of the 2014 Share Incentive Scheme. An award holder may be granted an award of Restricted Shares and/or Performance Shares (together, the "Award Shares"). The Award Shares to be granted under the 2014 Share Incentive Scheme are ordinary shares in the capital of the Company.

In general, the Company will pay to the third party trustee (the "Trustee") monies and may give directions or a recommendation to the Trustee to apply such amount of monies and/or such other net amount of cash derived from ordinary shares of the Company held as part of the funds of the trust to acquire existing ordinary shares of the Company from the market. Such ordinary shares will be held on trust by the Trustee for the relevant award holders. The Trustee shall not exercise any voting rights in respect of any ordinary shares of the Company held in the trust and no award holder is entitled to instruct the Trustee to exercise the voting rights in respect of any unvested Award Shares. An award holder shall have no right to any dividend held under the trust.

The maximum number of Award Shares that may at any time be the subject of an outstanding award granted under the 2014 Share Incentive Scheme shall not exceed 2.5 per cent. of the number of issued ordinary shares of the Company as at 1 January 2015, the effective date of the 2014 Share Incentive Scheme (the "Effective Date").

For the six months' period ended 30 June 2016, a total of 2,588,350 Award Shares (2015: 4,029,200 Award Shares) were awarded under the 2014 Share Incentive Scheme. As at 30 June 2016, a total of 5,650,829 Award Shares were neither vested, lapsed nor been forfeited, representing 0.1% of the issued ordinary shares of the Company as at the Effective Date. The Remuneration Committee of the Company has also approved a one-off special Restricted Share award to Ms Margaret Cheng Wai-ching, who was appointed as the Human Resources Director and a Member of the Executive Directorate of the Company with effect from 1 June 2016, under the Company's 2014 Share Incentive Scheme that is equivalent in value to approximately HK\$3,000,000 and such special Restricted Share award is expected to be granted to Ms Cheng during the second half of 2016.

The particulars of the Award Shares granted are as follows:

Executive Directorate and eligible employees	Date of award	Types of Award Shares granted		Award Shares outstanding as at 1 January 2016	Award Shares vested during the period	Award Shares lapsed and/or forfeited during the period	Award Shares outstanding as at 30 June 2016
		Restricted Shares	Performance Shares				
Lincoln Leong Kwok-kuen	27/4/2015	60,200	255,000	315,200	20,066	–	295,134
	8/4/2016	64,850	–	–	–	–	64,850
Jacob Kam Chak-pui	27/4/2015	22,050	57,600	79,650	7,350	–	72,300
	8/4/2016	21,550	–	–	–	–	21,550
Morris Cheung Siu-wa	27/4/2015	–	28,800	28,800	–	–	28,800
	8/4/2016	14,950	–	–	–	–	14,950
Peter Ronald Ewen (Note 1)	8/4/2016	–	35,700	–	–	–	35,700
Adi Lau Tin-shing (Note 2)	27/4/2015	8,600	12,550	21,150	2,866	–	18,284
	8/4/2016	8,400	–	–	–	–	8,400
Stephen Law Cheuk-kin (Note 3)	27/4/2015	16,700	57,600	74,300	5,566	–	68,734
Gillian Elizabeth Meller	27/4/2015	16,950	57,600	74,550	5,650	–	68,900
	8/4/2016	17,300	–	–	–	–	17,300
Linda So Ka-pik (Note 4)	8/4/2016	16,400	44,050	–	–	–	60,450
David Tang Chi-fai	27/4/2015	18,450	57,600	76,050	6,150	–	69,900
	8/4/2016	17,950	–	–	–	–	17,950
Philco Wong Nai-keung	27/4/2015	21,700	57,600	79,300	7,233	–	72,067
	8/4/2016	21,200	–	–	–	–	21,200
Jeny Yeung Mei-chun	27/4/2015	19,350	57,600	76,950	6,450	–	70,500
	8/4/2016	18,850	–	–	–	–	18,850
Other eligible employees	27/4/2015	2,172,750	1,051,650	3,105,650	702,468	82,622	2,320,560
	8/4/2016	2,199,700	107,450	–	5,316	17,384	2,284,450

Notes

- 1 Dr Peter Ronald Ewen was appointed as Engineering Director and a Member of the Executive Directorate of the Company with effect from 22 February 2016.
- 2 Mr Adi Lau Tin-shing was appointed as Operations Director and a Member of the Executive Directorate of the Company with effect from 1 May 2016.
- 3 Mr Stephen Law Cheuk-kin ceased to be Finance Director and a Member of the Executive Directorate of the Company with effect from 2 July 2016.
- 4 Ms Linda So Ka-pik was appointed as Corporate Affairs Director and a Member of the Executive Directorate of the Company with effect from 16 September 2015.

# Corporate Governance and Other Information

## **Purchase, Sale or Redemption of Listed Securities**

The Group did not purchase, sell or redeem any of the Group's listed securities during the six months ended 30 June 2016. However, the Trustee of the 2014 Share Incentive Scheme, pursuant to the terms of the rules and the trust deed of the 2014 Share Incentive Scheme, purchased on the HKSE a total of 2,588,350 ordinary shares of the Company (2015: 4,029,200 ordinary shares) for a total consideration of approximately HK\$99 million (2015: HK\$150 million) during the same period.

## **Loan Agreements with Covenant Relating to Specific Performance of the Controlling Shareholder**

As at 30 June 2016, the Group had borrowings of HK\$20,513 million (2015: HK\$13,334 million) with maturities ranging from 2016 to 2055 and undrawn committed banking facilities of HK\$31,700 million (2015: HK\$5,900 million), which were subject to the condition that Government, being the Company's controlling shareholder, owns more than half of all the Company's voting shares in issue. Failure to satisfy such condition may result in immediate repayment of the borrowings being demanded and cancellation of the undrawn committed banking facilities.

## **Closure of Register of Members**

The Register of Members of the Company was closed from 24 August 2016 to 29 August 2016 (both dates inclusive), during which period no transfer of shares in the Company could be effected. In order to qualify for the 2016 interim dividend, all transfer documents, accompanied by the relevant share certificates, must have been lodged for registration with the Company's Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on 23 August 2016. The 2016 interim dividend, with a scrip dividend option (except for shareholders with registered addresses in the United States of America or any of its territories or possessions), is expected to be distributed on 13 October 2016 to shareholders whose names appeared on the Register of Members of the Company as at the close of business on 29 August 2016.