

Corporate Governance and Other Information

The Company firmly believes that good corporate governance is fundamental in ensuring that the Company is well managed in the interests of all of its stakeholders and continuous efforts are therefore taken to identify and formalise best practices for the Company to adopt.

Corporate Governance Code Compliance

During the six months' period ended 30 June 2013, the Company has complied with the Code Provisions set out in the Corporate Governance Code ("Code"), contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

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 (the "Model Code"). After having made specific enquiry, the Company confirms that Members of the Board and the Executive Directorate complied throughout the six months' period ended 30 June 2013 with the Model Code.

Senior managers, other nominated managers and staff who, because of their office in the Company, are likely to be in possession of unpublished price sensitive or inside information, have also been requested to comply with the provisions of the Model Code.

In addition, every employee is bound by the Code of Conduct issued by the Company to keep unpublished price sensitive and inside information in strict confidence.

Board Diversity

As mentioned in the Company's 2012 Annual Report, although the new provisions in the Code on board diversity will only

become effective on 1 September 2013, the Company has already taken steps to comply with it and adopted a new Board Diversity Policy ("Policy") in March 2013.

This Policy was taken into account by the Nominations Committee and the Board in the recent appointments of Professor Frederick Ma Si-hang, Mrs. Pamela Chan Wong Shui and Dr. Dorothy Chan Yuen Tak-fai as three new independent non-executive Directors of the Company ("INEDs") effective from 4 July 2013.

The three new INEDs have experience in different sectors and add to the balance of skills, experience and diversity of perspectives on the Board, thereby enhancing its operation.

Professor Frederick Ma Si-hang has extensive experience in banking and the financial sector and also in public service.

Mrs. Pamela Chan Wong Shui is dedicated to public service and has extensive experience in consumer welfare.

Dr. Dorothy Chan Yuen Tak-fai is a transport professional and has extensive experience in the sector.

Following these appointments, the number of INEDs has increased from seven to 10 and INEDs now comprise two-thirds of the Company's Board. This ratio exceeds the Listing Rule requirement to have independent non-executive directors representing at least one-third of the board. The number of female Board Members has also increased from two to four, representing approximately 27% of the Board.

The Nominations Committee also played an important role in the identification of the Company's new Finance Director ("FD"), Mr. Stephen Law Cheuk-kin, who was appointed with effect from 2 July 2013.

Members of the Board and the Executive Directorate

Following the appointments of the three new INEDs and the new FD, the respective compositions of the Board and the Executive Directorate of the Company are as follows:

Members of the Board

Non-Executive Directors	Independent Non-Executive Directors	Executive Director
Dr. Raymond Ch'ien Kuo-fung (Chairman)	Pamela Chan Wong Shui	Jay Herbert Walder
Professor Chan Ka-keung, Ceajer (Secretary for Financial Services and the Treasury)	Dr. Dorothy Chan Yuen Tak-fai	(Chief Executive Officer)
Secretary for Transport and Housing (Professor Anthony Cheung Bing-leung)	Vincent Cheng Hoi-chuen	
Commissioner for Transport (Ingrid Yeung Ho Poi-yan)	Christine Fang Meng-sang	
	Edward Ho Sing-tin	
	Professor Frederick Ma Si-hang	
	Alasdair George Morrison	
	Ng Leung-sing	
	Abraham Shek Lai-him	
	T. Brian Stevenson	

Members of the Executive Directorate

Jay Herbert Walder	<i>(Chief Executive Officer)</i>	Stephen Law Cheuk-kin	<i>(Finance Director)</i>
Lincoln Leong Kwok-kuen	<i>(Deputy Chief Executive Officer)</i>	Gillian Elizabeth Meller	<i>(Legal Director and Secretary)</i>
Morris Cheung Siu-wa	<i>(Human Resources Director)</i>	David Tang Chi-fai	<i>(Property Director)</i>
Chew Tai Chong	<i>(Projects Director)</i>	Jeny Yeung Mei-chun	<i>(Commercial Director)</i>
Jacob Kam Chak-pui	<i>(Operations Director)</i>		

Changes in Information of Members of the Board and the Executive Directorate

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.

Biography

Dr. Raymond Ch'ien Kuo-fung

Cessation of appointments

- China.com Inc. (Chairman and Non-executive Director) (until 28 March 2013)
- Hong Kong Mercantile Exchange Limited (Director) (until 30 March 2013)

Mr. Jay Herbert Walder

New appointment

- Employers' Federation of Hong Kong (General Committee Member) (since 24 May 2013)

Mr. Vincent Cheng Hoi-chuen

New appointment

- Wing Tai Properties Limited (Independent Non-executive Director) (since 1 February 2013)

Cessation of appointment

- Independent Commission on Remuneration for Members of the Executive Council and the Legislature, and Officials under the Political Appointment System of the Government of the Hong Kong Special Administrative Region ("the Government") (Chairman) (until 31 March 2013)

Professor Frederick Ma Si-hang

Cessation of appointment

- China Resources Land Limited (Independent Non-executive Director) (until 4 July 2013)

Mr. Ng Leung-sing

New appointment

- Nine Dragons Paper (Holdings) Limited (Independent Non-executive Director) (since 3 March 2013)

Mr. T. Brian Stevenson

Cessation of appointment

- The Hongkong and Shanghai Banking Corporation Limited (Non-executive Director) (until 20 May 2013)

Mr. Lincoln Leong Kwok-kuen

New appointment

- Quality Assurance Council of the University Grants Committee (Member) (since 1 April 2013)

Mr. David Tang Chi-fai

New appointment

- Urban Renewal Authority of the Government (Non-executive Director) (since 1 May 2013)

Continuous Professional Training

Members of the Board and the Executive Directorate

As part of the Directors' Training Programme put in place, and in light of the recent developments in the Listing Rules (including in relation to board diversity, the new environmental, social and governance reporting guide and trading halts), the new Companies Ordinance (effective date to be gazetted) and the Competition Ordinance, a briefing on these developments was given to Members of the Board and the Executive Directorate by the Company's external legal advisor jointly with Legal Director & Secretary in January 2013.

A number of site visits to the Company's business operations are being arranged for Directors over the course of the year. During the first six months, visits were arranged to various sites including that of the West Island Line for Directors to understand the construction progress of the project.

Board Meetings

Regular Board Meetings

The Board held three regular Meetings during the six months' period ended 30 June 2013. At each of these regular Meetings, the Board reviewed and discussed the reports on business and financial performance. In addition, other key matters discussed at these Board Meetings included:

- (i) Principles for revising MTR fares under the Fare Adjustment Mechanism ("FAM") in 2013;
- (ii) Annual Review of Corporate Governance Functions;
- (iii) Board Diversity Policy;
- (iv) New Railway Projects – Half Yearly Update;
- (v) Report on Internal Control System for the year ended 31 December 2012;
- (vi) 2012 Annual Report and Accounts;
- (vii) 2013 Annual General Meeting;
- (viii) Contract Awards;
- (ix) US\$4 Billion Debt Issuance Programme – Supplemental Prospectus;
- (x) 2012 Staff Attitude Survey Results; and
- (xi) Proceedings of Meetings of Audit Committee and Corporate Responsibility Committee.

Private/Other Board Meetings

The Chairman also held four Private/Special Board Meetings during the six months' period ended 30 June 2013.

To facilitate the five-yearly review of the FAM by the Company and the Government in accordance with the Operating Agreement dated 9 August 2007 made between the Company and the Secretary for Transport and Housing for and on behalf of the Government, three Special Board Meetings were held during the period at which the Government nominated Directors were not present, and in relation to which they did not receive any papers. The review was completed in April 2013 and the Company announced the details immediately upon reaching an agreement with the Government.

A Private Board Meeting, limited to Non-executive Directors, was also held in accordance with the Code. At this meeting, the Chairman reviewed the contributions made by each of the Directors and, in addition, the size, structure and composition of the Board and the performance of the Executive Directors were discussed.

Annual General Meeting ("AGM")

The Company's 2013 AGM was held on 9 May 2013. 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 repurchase of the Company's shares, Shareholders also approved, with more than 99% votes in favour in each case, the following resolutions:

- Re-election of Mr. Vincent Cheng Hoi-chuen, Ms. Christine Fang Meng-sang and Mr. Edward Ho Sing-tin as Members of the Board of Directors; and
- Declaration of a final dividend of HK\$0.54 per share for the year ended 31 December 2012, giving a full year dividend of HK\$0.79 per share, which was an increase of 3.9% compared to 2011.

All resolutions at the 2013 AGM were passed by way of a poll, and the poll results were posted on the websites of both the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange").

For the benefit of Shareholders who did not attend the 2013 AGM, the whole proceedings were recorded and posted on the Company's website the same evening.

Sustainability

The Company's Sustainability Report 2012 (the "Sustainability Report"), which was published in June 2013 and is available on the Company's website, followed the internationally-recognised Global Reporting Initiative framework and, for the first time, included key performance indicators from the Environmental, Social and Governance Reporting Guide issued by the Stock Exchange.

The Sustainability Report highlights the many different ways in which the Company meets the varied needs of the communities served by it at present and, at the same time, demonstrates its readiness to meet the needs of future generations.

The Company's achievements in sustainability have won wide recognition. The Company now ranks as the leading Hong Kong company on the Hang Seng Corporate Sustainability Index. It also remains listed on the Dow Jones Sustainability Indices and the FTSE4Good Index, and is one of 16 companies designated as a "New Sustainability Champion" by the World Economic Forum.

Board Members' and Executive Directorate's Interests in Shares

As at 30 June 2013, 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 Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) ("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 Stock Exchange pursuant to the Model Code were as follows:

Long Positions in Shares and Underlying Shares of the Company

Member of the Board and/or the Executive Directorate	Number of Ordinary Shares held			Derivatives		Total interests	Percentage of aggregate interests to total issued share capital
	Personal*	Family [†]	Corporate interests	Share Options	Other		
Raymond Ch'ien Kuo-fung	52,330	–	–	–	–	52,330	0.00090
Jay Herbert Walder	–	–	–	888,500 (Note 1)	300,000 (Note 2)	1,188,500	0.02050
Vincent Cheng Hoi-chuen	1,675	1,675	–	–	–	3,350	0.00006
Christine Fang Meng-sang	1,712	–	–	–	–	1,712	0.00003
T. Brian Stevenson	5,153	–	–	–	–	5,153	0.00009
Ingrid Yeung Ho Poi-yan	1,116	–	–	–	–	1,116	0.00002
Lincoln Leong Kwok-kuen	193,000	–	23,000 (Note 3)	967,000 (Note 1)	–	1,183,000	0.02041
Morris Cheung Siu-wa	13,290	–	–	467,500 (Note 1)	–	480,790	0.00829
Chew Tai Chong	–	–	–	835,000 (Note 1)	–	835,000	0.01440
Jacob Kam Chak-pui	2,283	–	–	734,500 (Note 1)	–	736,783	0.01271
Gillian Elizabeth Meller	–	–	–	515,500 (Note 1)	–	515,500	0.00889
David Tang Chi-fai	600	–	–	(i) 584,000 (Note 1) (ii) 22,000 (Note 4)	–	606,600	0.01046
Jeny Yeung Mei-chun	13,400	–	–	618,000 (Note 1)	–	631,400	0.01089

Member of the Board	Number of Ordinary Shares held			Derivatives		Total interests	Percentage of aggregate interests to total issued share capital
	Personal*	Family [†]	Corporate interests	Share Options	Other		
Pamela Chan Wong Shui (Note 5)	1,116	1,675	–	–	–	2,791	0.00005

Notes

- Further details of the above share options are set out in the table below showing details of the options to subscribe for ordinary shares granted under the 2007 Share Option Scheme.
- Mr. Jay Herbert Walder was granted a derivative interest in respect of 300,000 shares in the Company within the meaning of Part XV of the SFO. That derivative interest represents Mr. Walder's entitlement to be paid an equivalent value in cash of 300,000 shares in the Company following 30 June 2014, being the date on which his initial term of office is expected to expire (35% of which shall be deemed to be earned at 31 October 2013 subject to certain conditions specified in his employment contract).
- The 23,000 shares are held by Linsan Investment Ltd., a private limited company beneficially wholly owned by Mr. Lincoln Leong Kwok-kuen.
- Further details of the above share options are set out in the table below showing details of the options to subscribe for ordinary shares granted under the New Joiners Share Option Scheme.
- Mrs. Pamela Chan Wong Shui was appointed as an independent non-executive Director of the Company with effect from 4 July 2013.

* Interests as beneficial owner

† Interests of spouse or child under 18 as beneficial owner

Corporate Governance and Other Information

Options to subscribe for Ordinary Shares granted under the New Joiners Share Option Scheme

Executive Directorate and eligible employees	Date granted	Options granted	Period during which rights exercisable (day/month/year)	Options outstanding as at 1 January 2013	Options granted during the period	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 2013	Weighted average closing price of shares immediately before the date(s) on which options were exercised (HK\$)
David Tang Chi-fai	15/5/2006	213,000	25/4/2007 – 25/4/2016	22,000	–	–	–	–	20.66	22,000	–
Other eligible employees	23/9/2005	213,000	9/9/2006 – 9/9/2015	213,000	–	–	–	213,000	15.97	–	27.40
	5/10/2006	94,000	29/9/2007 – 29/9/2016	62,500	–	–	–	–	19.732	62,500	–

Notes

- 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.
- 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

Options to subscribe for Ordinary Shares granted under the 2007 Share Option Scheme

Executive Directorate and eligible employees	Date granted	Options granted	Period during which rights exercisable (day/month/year)	Options outstanding as at 1 January 2013	Options granted during the period	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 2013	Weighted average closing price of shares immediately before the date(s) on which options were exercised (HK\$)
Jay Herbert Walder	30/3/2012	391,500	23/3/2013 – 23/3/2019	391,500	–	130,500	–	–	27.48	391,500	–
	6/5/2013	497,000	26/4/2014 – 26/4/2020	–	497,000	–	–	–	31.40	497,000	–
Lincoln Leong Kwok-kuen	12/12/2007	170,000	10/12/2008 – 10/12/2014	170,000	–	–	–	–	27.60	170,000	–
	9/12/2008	170,000	8/12/2009 – 8/12/2015	170,000	–	–	–	170,000	18.30	–	31.95
	10/12/2009	170,000	8/12/2010 – 8/12/2016	170,000	–	–	–	–	26.85	170,000	–
	17/12/2010	170,000	16/12/2011 – 16/12/2017	170,000	–	–	–	–	28.84	170,000	–
	30/3/2012	201,000	23/3/2013 – 23/3/2019	201,000	–	67,000	–	–	27.48	201,000	–
Morris Cheung Siu-wa	6/5/2013	256,000	26/4/2014 – 26/4/2020	–	256,000	–	–	–	31.40	256,000	–
	11/12/2009	65,000	8/12/2010 – 8/12/2016	65,000	–	–	–	–	26.85	65,000	–
	21/7/2010	35,000	28/6/2011 – 28/6/2017	35,000	–	11,000	–	–	27.73	35,000	–
	20/12/2010	65,000	16/12/2011 – 16/12/2017	65,000	–	–	–	–	28.84	65,000	–
	30/3/2012	122,000	23/3/2013 – 23/3/2019	122,000	–	41,000	–	–	27.48	122,000	–
Chew Tai Chong	6/5/2013	180,500	26/4/2014 – 26/4/2020	–	180,500	–	–	–	31.40	180,500	–
	18/6/2009	85,000	12/6/2010 – 12/6/2016	85,000	–	–	–	–	24.50	85,000	–
	10/12/2009	170,000	8/12/2010 – 8/12/2016	170,000	–	–	–	–	26.85	170,000	–
	17/12/2010	170,000	16/12/2011 – 16/12/2017	170,000	–	–	–	–	28.84	170,000	–
	30/3/2012	184,500	23/3/2013 – 23/3/2019	184,500	–	61,500	–	–	27.48	184,500	–
Jacob Kam Chak-pui	6/5/2013	225,500	26/4/2014 – 26/4/2020	–	225,500	–	–	–	31.40	225,500	–
	13/12/2007	75,000	10/12/2008 – 10/12/2014	75,000	–	–	–	–	27.60	75,000	–
	14/12/2009	65,000	8/12/2010 – 8/12/2016	65,000	–	–	–	–	26.85	65,000	–
	21/7/2010	50,000	28/6/2011 – 28/6/2017	50,000	–	16,000	–	–	27.73	50,000	–
	17/12/2010	170,000	16/12/2011 – 16/12/2017	170,000	–	–	–	–	28.84	170,000	–
Gillian Elizabeth Meller	30/3/2012	172,000	23/3/2013 – 23/3/2019	172,000	–	57,500	–	–	27.48	172,000	–
	6/5/2013	202,500	26/4/2014 – 26/4/2020	–	202,500	–	–	–	31.40	202,500	–
	12/12/2007	55,000	10/12/2008 – 10/12/2014	18,000	–	–	–	–	27.60	18,000	–
	10/12/2009	65,000	8/12/2010 – 8/12/2016	65,000	–	–	–	–	26.85	65,000	–
	17/12/2010	90,000	16/12/2011 – 16/12/2017	90,000	–	–	–	–	28.84	90,000	–
Gillian Elizabeth Meller	30/3/2012	158,500	23/3/2013 – 23/3/2019	158,500	–	53,000	–	–	27.48	158,500	–
	6/5/2013	184,000	26/4/2014 – 26/4/2020	–	184,000	–	–	–	31.40	184,000	–

Options to subscribe for Ordinary Shares granted under the 2007 Share Option Scheme (continued)

Executive Directorate and eligible employees	Date granted	Options granted	Period during which rights exercisable (day/month/year)	Options	Options	Options	Options	Options	Exercise price per share of options (HK\$)	Options	Weighted average closing price of shares immediately before the date(s) on which options were exercised (HK\$)
				outstanding as at 1 January 2013	granted during the period	vested during the period	lapsed during the period	exercised during the period		outstanding as at 30 June 2013	
David Tang Chi-fai	13/12/2007	65,000	10/12/2008 – 10/12/2014	65,000	–	–	–	–	27.60	65,000	–
	12/12/2008	65,000	8/12/2009 – 8/12/2015	43,000	–	–	–	–	18.30	43,000	–
	15/12/2009	65,000	8/12/2010 – 8/12/2016	65,000	–	–	–	–	26.85	65,000	–
	17/12/2010	65,000	16/12/2011 – 16/12/2017	65,000	–	–	–	–	28.84	65,000	–
	30/3/2012	163,500	23/3/2013 – 23/3/2019	163,500	–	54,500	–	–	27.48	163,500	–
	6/5/2013	182,500	26/4/2014 – 26/4/2020	–	182,500	–	–	–	31.40	182,500	–
Jeny Yeung Mei-chun	12/12/2007	75,000	10/12/2008 – 10/12/2014	75,000	–	–	–	–	27.60	75,000	–
	10/12/2008	65,000	8/12/2009 – 8/12/2015	65,000	–	–	–	–	18.30	65,000	–
	10/12/2009	65,000	8/12/2010 – 8/12/2016	65,000	–	–	–	–	26.85	65,000	–
	17/12/2010	65,000	16/12/2011 – 16/12/2017	65,000	–	–	–	–	28.84	65,000	–
	30/3/2012	161,000	23/3/2013 – 23/3/2019	161,000	–	54,000	–	–	27.48	161,000	–
	6/5/2013	187,000	26/4/2014 – 26/4/2020	–	187,000	–	–	–	31.40	187,000	–
Other eligible employees	11/12/2007	45,000	10/12/2008 – 10/12/2014	45,000	–	–	–	–	27.60	45,000	–
	12/12/2007	2,365,000	10/12/2008 – 10/12/2014	1,070,000	–	–	–	420,000	27.60	650,000	31.55
	13/12/2007	1,665,000	10/12/2008 – 10/12/2014	1,465,000	–	–	–	289,000	27.60	1,176,000	31.31
	14/12/2007	1,005,000	10/12/2008 – 10/12/2014	550,000	–	–	–	–	27.60	550,000	–
	15/12/2007	435,000	10/12/2008 – 10/12/2014	88,000	–	–	–	–	27.60	88,000	–
	17/12/2007	835,000	10/12/2008 – 10/12/2014	635,000	–	–	–	12,000	27.60	623,000	31.95
	18/12/2007	445,000	10/12/2008 – 10/12/2014	230,000	–	–	–	–	27.60	230,000	–
	19/12/2007	115,000	10/12/2008 – 10/12/2014	80,000	–	–	–	–	27.60	80,000	–
	20/12/2007	190,000	10/12/2008 – 10/12/2014	190,000	–	–	–	–	27.60	190,000	–
	22/12/2007	35,000	10/12/2008 – 10/12/2014	35,000	–	–	–	35,000	27.60	–	30.60
	24/12/2007	118,000	10/12/2008 – 10/12/2014	118,000	–	–	–	–	27.60	118,000	–
	28/12/2007	35,000	10/12/2008 – 10/12/2014	35,000	–	–	–	–	27.60	35,000	–
	31/12/2007	130,000	10/12/2008 – 10/12/2014	130,000	–	–	–	–	27.60	130,000	–
	2/1/2008	75,000	10/12/2008 – 10/12/2014	35,000	–	–	–	–	27.60	35,000	–
	3/1/2008	40,000	10/12/2008 – 10/12/2014	40,000	–	–	–	–	27.60	40,000	–
	7/1/2008	125,000	10/12/2008 – 10/12/2014	80,000	–	–	–	80,000	27.60	–	31.12
	28/3/2008	255,000	26/3/2009 – 26/3/2015	180,000	–	–	–	41,000	26.52	139,000	32.44
	31/3/2008	379,000	26/3/2009 – 26/3/2015	230,000	–	–	–	15,000	26.52	215,000	32.00
	1/4/2008	261,000	26/3/2009 – 26/3/2015	204,000	–	–	–	34,000	26.52	170,000	31.24
	2/4/2008	296,000	26/3/2009 – 26/3/2015	236,000	–	–	–	17,000	26.52	219,000	31.60
	3/4/2008	171,000	26/3/2009 – 26/3/2015	100,000	–	–	–	25,000	26.52	75,000	32.71
	4/4/2008	23,000	26/3/2009 – 26/3/2015	23,000	–	–	–	–	26.52	23,000	–
	5/4/2008	17,000	26/3/2009 – 26/3/2015	17,000	–	–	–	–	26.52	17,000	–
	7/4/2008	390,000	26/3/2009 – 26/3/2015	268,000	–	–	–	32,000	26.52	236,000	31.66
	8/4/2008	174,000	26/3/2009 – 26/3/2015	96,000	–	–	7,000	20,000	26.52	69,000	31.39
	9/4/2008	85,000	26/3/2009 – 26/3/2015	60,000	–	–	–	17,000	26.52	43,000	30.90
	10/4/2008	58,000	26/3/2009 – 26/3/2015	58,000	–	–	–	–	26.52	58,000	–
	11/4/2008	134,000	26/3/2009 – 26/3/2015	94,000	–	–	–	5,000	26.52	89,000	32.15
	12/4/2008	48,000	26/3/2009 – 26/3/2015	48,000	–	–	–	17,000	26.52	31,000	31.95
	14/4/2008	40,000	26/3/2009 – 26/3/2015	40,000	–	–	–	–	26.52	40,000	–
	15/4/2008	34,000	26/3/2009 – 26/3/2015	34,000	–	–	–	–	26.52	34,000	–
	16/4/2008	57,000	26/3/2009 – 26/3/2015	40,000	–	–	–	–	26.52	40,000	–
	17/4/2008	147,000	26/3/2009 – 26/3/2015	107,000	–	–	–	–	26.52	107,000	–
18/4/2008	32,000	26/3/2009 – 26/3/2015	15,000	–	–	–	–	26.52	15,000	–	
19/4/2008	25,000	26/3/2009 – 26/3/2015	25,000	–	–	–	–	26.52	25,000	–	
21/4/2008	66,000	26/3/2009 – 26/3/2015	66,000	–	–	–	–	26.52	66,000	–	
23/4/2008	34,000	26/3/2009 – 26/3/2015	19,000	–	–	–	–	26.52	19,000	–	
8/12/2008	90,000	8/12/2009 – 8/12/2015	45,000	–	–	–	–	18.30	45,000	–	
9/12/2008	1,293,000	8/12/2009 – 8/12/2015	282,000	–	–	–	25,000	18.30	257,000	32.00	
10/12/2008	2,046,400	8/12/2009 – 8/12/2015	921,400	–	–	–	70,000	18.30	851,400	30.78	
11/12/2008	2,394,200	8/12/2009 – 8/12/2015	1,129,000	–	–	–	62,500	18.30	1,066,500	31.87	
12/12/2008	1,416,500	8/12/2009 – 8/12/2015	671,500	–	–	–	13,500	18.30	658,000	30.85	
13/12/2008	84,500	8/12/2009 – 8/12/2015	40,500	–	–	–	–	18.30	40,500	–	
14/12/2008	88,200	8/12/2009 – 8/12/2015	45,000	–	–	–	–	18.30	45,000	–	
15/12/2008	1,084,700	8/12/2009 – 8/12/2015	555,200	–	–	–	52,000	18.30	503,200	31.06	
16/12/2008	581,500	8/12/2009 – 8/12/2015	361,500	–	–	–	72,500	18.30	289,000	30.90	
17/12/2008	513,500	8/12/2009 – 8/12/2015	348,000	–	–	–	87,500	18.30	260,500	32.01	
18/12/2008	611,500	8/12/2009 – 8/12/2015	233,000	–	–	–	106,500	18.30	126,500	30.64	
19/12/2008	198,000	8/12/2009 – 8/12/2015	88,000	–	–	–	25,000	18.30	63,000	31.30	
20/12/2008	19,000	8/12/2009 – 8/12/2015	19,000	–	–	–	–	18.30	19,000	–	

Corporate Governance and Other Information

Options to subscribe for Ordinary Shares granted under the 2007 Share Option Scheme (continued)

Executive Directorate and eligible employees	Date granted	Options granted	Period during which rights exercisable (day/month/year)	Options	Options granted during the period	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 2013	Weighted average closing price of shares immediately before the date(s) on which options were exercised (HK\$)
				outstanding as at 1 January 2013							
Other eligible employees	22/12/2008	772,500	8/12/2009 – 8/12/2015	288,500	–	–	–	55,000	18.30	233,500	31.70
	23/12/2008	306,000	8/12/2009 – 8/12/2015	162,000	–	–	–	25,000	18.30	137,000	31.05
	24/12/2008	500,500	8/12/2009 – 8/12/2015	197,000	–	–	–	15,000	18.30	182,000	31.35
	25/12/2008	45,000	8/12/2009 – 8/12/2015	45,000	–	–	–	–	18.30	45,000	–
	29/12/2008	148,000	8/12/2009 – 8/12/2015	59,000	–	–	–	–	18.30	59,000	–
	30/12/2008	19,000	8/12/2009 – 8/12/2015	19,000	–	–	–	–	18.30	19,000	–
	18/6/2009	170,000	12/6/2010 – 12/6/2016	45,000	–	–	–	–	24.50	45,000	–
	6/7/2009	45,000	12/6/2010 – 12/6/2016	45,000	–	–	–	–	24.50	45,000	–
	9/12/2009	670,000	8/12/2010 – 8/12/2016	520,000	–	–	–	–	26.85	520,000	–
	10/12/2009	2,381,000	8/12/2010 – 8/12/2016	1,696,500	–	–	–	292,500	26.85	1,404,000	31.30
	11/12/2009	2,297,000	8/12/2010 – 8/12/2016	1,886,000	–	–	–	147,000	26.85	1,739,000	31.29
	12/12/2009	610,000	8/12/2010 – 8/12/2016	429,000	–	–	–	–	26.85	429,000	–
	13/12/2009	19,000	8/12/2010 – 8/12/2016	12,500	–	–	–	–	26.85	12,500	–
	14/12/2009	2,443,000	8/12/2010 – 8/12/2016	2,071,500	–	–	–	223,000	26.85	1,848,500	31.43
	15/12/2009	2,773,000	8/12/2010 – 8/12/2016	2,183,500	–	–	–	216,000	26.85	1,967,500	31.60
	16/12/2009	1,550,000	8/12/2010 – 8/12/2016	1,170,000	–	–	–	209,500	26.85	960,500	31.44
	17/12/2009	1,000,000	8/12/2010 – 8/12/2016	893,000	–	–	–	168,000	26.85	725,000	31.31
	18/12/2009	389,000	8/12/2010 – 8/12/2016	314,000	–	–	–	34,000	26.85	280,000	31.14
	19/12/2009	70,000	8/12/2010 – 8/12/2016	70,000	–	–	–	–	26.85	70,000	–
	20/12/2009	75,000	8/12/2010 – 8/12/2016	75,000	–	–	–	–	26.85	75,000	–
	21/12/2009	520,000	8/12/2010 – 8/12/2016	367,000	–	–	–	38,000	26.85	329,000	31.50
	22/12/2009	256,000	8/12/2010 – 8/12/2016	172,000	–	–	–	–	26.85	172,000	–
	21/7/2010	270,000	28/6/2011 – 28/6/2017	105,000	–	30,000	15,000	–	27.73	90,000	–
	16/12/2010	194,000	16/12/2011 – 16/12/2017	194,000	–	–	–	–	28.84	194,000	–
	17/12/2010	4,737,000	16/12/2011 – 16/12/2017	4,388,500	–	–	31,000	129,500	28.84	4,228,000	31.65
	18/12/2010	673,000	16/12/2011 – 16/12/2017	673,000	–	–	–	–	28.84	673,000	–
	19/12/2010	174,000	16/12/2011 – 16/12/2017	155,000	–	–	13,000	44,000	28.84	98,000	31.95
	20/12/2010	4,789,500	16/12/2011 – 16/12/2017	4,292,000	–	6,000	23,000	213,000	28.84	4,056,000	31.54
	21/12/2010	3,020,000	16/12/2011 – 16/12/2017	2,757,000	–	–	–	166,500	28.84	2,590,500	31.58
	22/12/2010	975,000	16/12/2011 – 16/12/2017	934,500	–	–	–	15,000	28.84	919,500	32.40
	23/12/2010	189,000	16/12/2011 – 16/12/2017	144,000	–	–	8,000	17,000	28.84	119,000	32.20
	7/7/2011	215,000	27/6/2012 – 27/6/2018	215,000	–	72,500	–	37,000	26.96	178,000	31.21
	30/3/2012	15,363,000	23/3/2013 – 23/3/2019	15,118,500	–	5,065,500	177,000	296,000	27.48	14,645,500	31.53
	6/5/2013	19,690,000	26/4/2014 – 26/4/2020	–	19,690,000	–	51,000	–	31.40	19,639,000	–

Notes

- 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.
- 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

During the six months' period ended 30 June 2013, 21,605,000 options to subscribe for shares of the Company were granted to 532 employees under the 2007 Share Option Scheme. Details of the grant are set out in the tables above. The closing price per share immediately before the date of grant of options is set out below. Pursuant to the terms of the Scheme,

each grantee undertakes to pay HK\$1.00, on demand, to the Company, in consideration for the grant of the options. The share options granted are recognised on an accrued vesting basis in the accounts. The weighted average value per option granted, estimated at the date of grant using the Black-Scholes pricing model is as follows:

Date granted	Closing price per share immediately before the date of grant (HK\$)	Estimated risk-free interest rate (%)	Expected life (Years)	Estimated Volatility	Expected dividend per share (HK\$)	Weighted average value per option granted (HK\$)
6/5/2013	31.95	0.21	3.5	0.15	0.79	2.33

The Black-Scholes option pricing model was developed for use in estimating the fair value of traded options and requires input of highly subjective assumptions, including the expected life and stock price volatility. Since the Company's share options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimates, the Black-Scholes option pricing model does not necessarily provide a reliable measure of the fair value of the share options.

Save as disclosed above:

A none of the Members 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 2013, 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 Stock Exchange pursuant to the Model Code.

Substantial Shareholders' Interests

Set out below is the name of the party which was interested in 5% or more of the nominal value of the share capital of the Company and the number of shares in which it was interested as at 30 June 2013 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 total issued share capital
The Financial Secretary Incorporated (in trust on behalf of the Government)	4,434,552,207	76.49

The Company has been informed by the Government that, as at 30 June 2013, approximately 0.39% of the shares of the Company 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.

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

As at 30 June 2013, the Group had borrowings of HK\$17,969 million with maturities ranging from 2013 to 2043, undrawn committed banking facilities of HK\$6,600 million and an unutilized amount under the Debt Issuance Programme of HK\$13,308 million, which were subject to the condition that the Government, being the Company's controlling shareholder, owns more than half in nominal value of the voting share capital of the Company. Failure to satisfy such condition may result in immediate repayment of the borrowings being demanded and cancellation of the undrawn facilities.

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Group's listed securities during the six months ended 30 June 2013.

Closure of Register of Members

The Register of Members of the Company was closed from 10 September 2013 to 16 September 2013 (both dates inclusive). During that period, no transfer of shares could be registered. In order to qualify for the interim dividend, all transfers, accompanied by the relevant share certificates, must have been lodged 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, for registration no later than 4:30 p.m. on 9 September 2013. The 2013 interim dividend is expected to be paid, in cash in Hong Kong dollars, on or about 27 September 2013 to shareholders whose names appeared on the Register of Members of the Company as at the close of business on 16 September 2013.