

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 10 August 2017)

	Board Committees						
	Executive Committee	Audit Committee	Nominations Committee	Remuneration Committee	Capital Works Committee	Risk Committee	Corporate Responsibility Committee
Members of the Board							
Non-executive Directors							
Professor Frederick Ma Si-hang (Chairman)			M	M			C
James Henry Lau Jr (Secretary for Financial Services and the Treasury, "S for FS&T")			M	M			
Secretary for Transport and Housing ("S for T&H") (Frank Chan Fan)			M	M			
Permanent Secretary for Development (Works) (Hon Chi-keung)					M	M	
Commissioner for Transport ("C for T")		M				M	
Independent Non-executive Directors							
Andrew Clifford Winawer Brandler		M				M	
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	
Abraham Shek Lai-him			C		M		
Benjamin Tang Kwok-bun				M		M	
Dr Allan Wong Chi-yun			M		C		
Johannes Zhou Yuan		M				M	
Executive Director							
Lincoln Leong Kwok-kuen (Chief Executive Officer)	C						M
Members of the Executive Directorate							
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 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 continues to seek to identify and formalise best practices for adoption by the Company.

Corporate Governance Code Compliance

During the six month period ended 30 June 2017, 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 (the "Code") 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 is reviewed and updated periodically to ensure appropriateness and compliance with corporate and regulatory requirements. Following a comprehensive rewrite of the Code in 2015, a regular review of the content is underway and the revised Code will be released to all staff by the end of 2017. 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 as part of the staff induction programme. The Code is also uploaded onto the Company's website (www.mtr.com.hk).

In addition, the Code serves as a guideline to establish 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 (the "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 month period ended 30 June 2017.

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) (the "SFO")) of the Company, have also been requested to comply with the provisions of the Model Code.

Changes during the period from 1 January 2017 to 10 August 2017 (date of this Report)

Changes in Composition of the Board and Board Committees, and changes in Alternate Directors

	Effective Date	Independent Non-executive Director	Non-executive Director	Alternate Director	Board Committees				Corporate Responsibility Committee
					Audit Committee	Nominations Committee	Remuneration Committee	Risk Committee	
New Appointments									
Andrew Clifford Winawer Brandler	17 May 2017*	√			√			√	
Johannes Zhou Yuan	17 May 2017*	√			√			√	
Lucia Li Li Ka-lai (Change of Board Committee Membership)	17 May 2017*								√
Dr Allan Wong Chi-yun (Change of Board Committee Membership)	17 May 2017*					√			
S for T&H (Frank Chan Fan) (Change of post holder)	1 July 2017		√			√	√		
James Henry Lau Jr (S for FS&T)	4 July 2017		√			√	√		
Andrew Lai Chi-wah (Deputy Secretary for Financial Services and the Treasury (Treasury)2) (Alternate to James Henry Lau Jr (S for FS&T))	10 July 2017			√					
Cessation of Appointments									
Ng Leung-sing (Retirement)	17 May 2017*	√				√		√	
Lucia Li Li Ka-lai (Change of Board Committee Membership)	17 May 2017*							√	
Dr Allan Wong Chi-yun (Change of Board Committee Membership)	17 May 2017*				√				
S for T&H (Professor Anthony Cheung Bing-leung) (Change of post holder)	1 July 2017		√			√	√		
Professor Chan Ka-keung, Ceajer (Resignation)	4 July 2017		√			√	√		
C for T (Ingrid Yeung Ho Poi-yan) (Change of post holder)	15 July 2017		√		√			√	
Under Secretary for Transport and Housing (Yau Shing-mu) (Alternate to the office of the S for T&H (Professor Anthony Cheung Bing-leung)) (Change of post holder)	1 July 2017			√					
Andrew Lai Chi-wah (Alternate to Professor Chan Ka-keung, Ceajer) (Consequential termination following resignation of Professor Chan Ka-keung, Ceajer)	4 July 2017			√					
Deputy Secretary for Transport and Housing (Transport) (Andy Chan Shui-fu) (Alternate to the office of the S for T&H (Frank Chan Fan)) (Change of post holder)	3 August 2017			√					

* After conclusion of the Company's Annual General Meeting held on 17 May 2017 (the "2017 AGM").

Changes in Information

Changes in information of Directors required to be disclosed pursuant to the Listing Rules are set out below:

(i) Changes in Biographical Details

Name of Director	Name of Organisation and Position Held	Nature and Effective Date of Change
Members of the Board		
Non-executive Directors		
Professor Frederick Ma Si-hang	The Hong Kong Polytechnic University • Professor of Finance Practice of the Institute of Advanced Executive Education	Cessation (26 January 2017)
	The Education University of Hong Kong • Council Chairman	Appointment (25 April 2017)
Professor Chan Ka-keung, Ceajer (Resigned on 4 July 2017)	The Government of the Hong Kong Special Administrative Region (the "HKSAR Government") • Secretary for Financial Services and the Treasury Airport Authority Hong Kong • Member of the Board Mandatory Provident Fund Schemes Authority (Hong Kong) • Board of Director West Kowloon Cultural District Authority (Hong Kong) • Member of the Board Kowloon-Canton Railway Corporation • Chairman Financial Services Development Council, Hong Kong • Ex-official Member Hongkong International Theme Parks Limited • Director	Cessation (1 July 2017)
Independent Non-executive Directors		
Pamela Chan Wong Shui	Hong Kong Baptist University • Deputy Chairman of the Council and the Court	Cessation (1 January 2017)
Lucia Li Li Ka-lai	Communications Authority (Hong Kong) • Member	Cessation (1 April 2017)
Ng Leung-sing (Retired on 17 May 2017)	Chiyu Banking Corporation • Vice Chairman	Cessation (27 March 2017)
Abraham Shek Lai-him	Independent Commission Against Corruption (Hong Kong) • Member of the Advisory Committee on Corruption	Appointment (1 January 2017)
	TUS International Limited • Independent Non-executive Director	Cessation (6 January 2017)
	Goldin Financial Holdings Limited • Independent Non-executive Director	Appointment (9 January 2017)
	ITC Corporation Limited • Independent Non-executive Director	Cessation (28 March 2017)
Benjamin Tang Kwok-bun	Communications Authority (Hong Kong) • Member	Appointment (1 April 2017)
Members of the Executive Directorate		
Dr Jacob Kam Chak-pui	International Association of Public Transport (UITP) • Chairman of the Regional and Suburban Railways Assembly	Appointment (May 2017)
Margaret Cheng Wai-ching	Education Bureau of the HKSAR Government • Member of the Standing Committee on Language Education and Research	Appointment (1 July 2017)
Morris Cheung Siu-wa	International Association of Public Transport (UITP) • Chairman of the Asia Pacific Division	Cessation (May 2017)
Gillian Elizabeth Meller	Standing Committee on Company Law Reform (Hong Kong) • Member	Appointment (1 February 2017)
Dr Philco Wong Nai-keung	The Hong Kong Institution of Engineers • Senior Vice President	Appointment (28 June 2017)
Jeny Yeung Mei-chun	Innovation and Technology Commission of the HKSAR Government • Member of the Advisory Committee on Publicity and Public Education in Innovation and Technology	Cessation (1 July 2017)

Full biographical details of the Directors are available on the Company's website (www.mtr.com.hk).

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(ii) Changes in Directors' Fees

On the recommendation of the Remuneration Committee, the Board reviewed and adjusted the remuneration framework for Non-executive Directors and the fees payable for their membership (including chairmanship) of the various Board Committees of the Company. The new remuneration framework (see table below) took effect on 1 January 2017, and the total fees payable are within the annual cap as permitted under Article 100 of the Company's Articles of Association that had been approved by the shareholders of the Company at the Annual General Meeting in 2014:

Remuneration Framework for Non-executive Directors (effective 1 January 2017)	Fees Payable (per annum) (HK\$)
Board	
– Chairman	1,500,000
– Other Member	300,000
Audit Committee and Capital Works Committee	
– Chairman	150,000
– Other Member	90,000
Risk Committee, Remuneration Committee, Nominations Committee, and Corporate Responsibility Committee	
– Chairman	110,000
– Other Member	60,000

Accordingly, assuming there is no further change in Board Committee membership or chairmanship, the annual fees payable to the Non-executive Directors of the Company with effect from 1 January 2017 will be as follows:

Non-executive Directors	Adjusted Annual Fees (HK\$)
Professor Frederick Ma Si-hang	1,730,000
Andrew Clifford Winawer Brandler	450,000 (Note 1)
Pamela Chan Wong Shui	420,000
Dr Dorothy Chan Yuen Tak-fai	500,000
Vincent Cheng Hoi-chuen	420,000
Anthony Chow Wing-kin	450,000
Dr Eddy Fong Ching	510,000
James Kwan Yuk-choi	450,000
Lau Ping-cheung, Kaizer	450,000
Lucia Li Li Ka-lai	450,000
Alasdair George Morrison	500,000
Ng Leung-sing	420,000 (Note 2)
Abraham Shek Lai-him	500,000
Benjamin Tang Kwok-bun	420,000
Dr Allan Wong Chi-yun	510,000 (Note 3)
Johannes Zhou Yuan	450,000 (Note 1)
Professor Chan Ka-keung, Ceajer	420,000 (Note 4)
Secretary for Transport and Housing	420,000 (Note 5)
Permanent Secretary for Development (Works)	450,000 (Note 5)
Commissioner for Transport	450,000 (Note 5)

Notes

- Mr Andrew Brandler and Mr Johannes Zhou were appointed as Members of the Board on 17 May 2017 and the actual fees receivable by them for the year ending 31 December 2017 will be calculated on a pro rata basis.
- Mr Ng Leung-sing retired after the conclusion of the Company's Annual General Meeting held on 17 May 2017 and the actual fees receivable by him for the year ending 31 December 2017 will be calculated on a pro rata basis.
- Dr Allan Wong changed from being a member of the Audit Committee to being a member of the Nominations Committee with effect from 17 May 2017. Accordingly, the annual fee receivable by him changed from HK\$540,000 to HK\$510,000 with effect from the same date. The actual fees receivable by him for the year ending 31 December 2017 will be calculated on a pro rata basis accordingly.
- The director's fees in respect of Professor Chan Ka-keung, Ceajer, the then Secretary for Financial Services and the Treasury ("S for FS&T") of the HKSAR Government, were received by the HKSAR Government rather than by Professor Chan personally. Professor Chan ceased to be a Member of the Board and Mr James Henry Lau Jr, the new S for FS&T, has been appointed as a new Member of the Board with effect from 4 July 2017. The same arrangement will apply in relation to the director's fees payable to Mr Lau.
- The director's fees in respect of the offices of the Secretary for Transport and Housing, the Permanent Secretary for Development (Works) and the Commissioner for Transport, each of whom was appointed as a Member of the Board by the Chief Executive of the HKSAR pursuant to Section 8 of the Mass Transit Railway Ordinance (Chapter 556 of the Laws of Hong Kong), are received by the HKSAR Government rather than by the holders of the offices concerned.

Induction Programme, Training and Continuous Professional Development

On appointment, each new Member of the Board (including Government nominated Directors), Alternate Director and Member of the Executive Directorate is given a comprehensive, formal and tailored induction programme on the key areas of business operations and practices of the Company, as well as the general and specific duties of directors under general law (common law and legislation) and the Listing Rules.

A tailor-made training programme covering the roles of a director from the strategic, planning and management perspectives, as well as the essence of corporate governance and the trends in these areas, has been or will be arranged for Mr Andrew Clifford Winawer Brandler, Mr Johannes Zhou Yuan, Mr James Henry Lau Jr and his Alternate Director and for the new Government nominated Director.

A familiarization programme to understand the key areas of the Company's business and operations has been or will also be provided to the above new Members of the Board and Alternate Director.

To assist Members of the Board and the Executive Directorate in continuing their professional development, the Company Secretary recommends them to attend relevant seminars and courses at the cost of the Company.

Save for the above, materials on the subject of corporate governance are also provided to Members of the Board and the Executive Directorate from time to time to keep them abreast of latest developments on this front.

Board Meetings

The Board held five meetings (including three Regular Meetings and two Special Meetings) during the six month period ended 30 June 2017.

Regular Meetings

At each of these Regular Meetings, the Board reviewed and discussed matters relating to the Company's different businesses and financial performance. In addition, other key matters discussed at these Regular Meetings included:

- Corporate Governance matters, including:
 - Receipt of Directors' Manual updates;
 - Review of Directors' fees for Non-executive Directors;
 - Review of the structure, size and composition of the Board;
 - Review of the Board's corporate governance functions;
 - Review of Enterprise Risk Management Annual Report 2016;
 - Review of the effectiveness of the Company's risk management and internal control systems;
 - Assessment of the independence of the Independent Non-executive Directors;
 - Receipt of the proceedings of various Board Committees' meetings;
 - Receipt of shareholder analysis and investors' feedback;
 - Approval of Sustainability Report 2016; and
 - Receipt of Corporate Safety Governance Annual Report 2016;
- 2017 AGM:
 - Recommendation for re-election of retiring Members of the Board; and
 - Recommendation for the nomination of two new Board Members;
- Operations:
 - Receipt of 2016 train service performance;
 - Receipt of updates on signalling replacement projects;
 - Receipt of updates on major incidents;
 - Receipt of updates on by-law review exercise; and
 - Approval of contracts awarded relating to replacement of equipment at the Company's stations and depots;

- Projects:
 - Approval of a contract award relating to a railway project;
 - Receipt of updates on the proposals under the Railway Development Strategy 2014; and
 - Receipt of updates on Government's Hong Kong 2030+ and Lok Ma Chau Loop;
- Receipt of updates on the Mainland China business and business development; and
- Financial:
 - Approval of 2016 Annual Report and Accounts.

Special Meetings

A number of matters were covered in the Special Meetings, including:

- Approval of the tender award of the Wong Chuk Hang Station Package One Property Development;
- Review of the Fare Adjustment Mechanism (the "FAM");
- Review of the principles for revising the Company's fares under the FAM;
- Approval of fare revision for Airport Express; and
- Approval of a tender submission for an overseas franchise.

Communication With Shareholders

Annual General Meeting

The Company's 2017 AGM was held on 17 May 2017. The Chairman continued his practice of proposing separate resolutions for each substantially separate matter.

A total of 12 resolutions were passed at the 2017 AGM (with resolution no. 3 comprising five separate resolutions), each supported by over 93% of the votes cast. The full text of the resolutions is set out in the 2017 AGM Circular (which comprised Notice of the 2017 AGM) dated 10 April 2017.

All resolutions at the 2017 AGM were passed by way of a poll, and the poll results were posted on the websites of both the Company (www.mtr.com.hk) and The Stock Exchange of Hong Kong Limited (the "HKSE") on the same day.

For the benefit of the Company's shareholders who did not attend the 2017 AGM, the whole proceedings were webcast and posted on the Company's website (www.mtr.com.hk) in the same evening.

Constitutional Document

The Company's Articles of Association (in both English and Chinese) are available on both the websites of the Company (www.mtr.com.hk) and the HKSE. During the six month period ended 30 June 2017, 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 2017, 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 [#]	No. of Share Awards [#]	Total interests	Percentage of aggregate interests to total no. of voting shares in issue [▲]
	Personal interests [*]	Family interests [†]	Other interests	Corporate interests	Personal interests [*]	Personal interests [*]		
Professor Frederick Ma Si-hang	–	270,000 (Note 1)	270,000 (Note 1)	–	–	–	270,000	0.00457
Lincoln Leong Kwok-kuen	1,221,748	–	–	23,000 (Note 2)	–	382,202	1,626,950	0.02751
Pamela Chan Wong Shui	9,002	1,675 (Note 3)	–	–	–	–	10,677	0.00018
Vincent Cheng Hoi-chuen	1,675	1,675 (Note 4)	–	–	–	–	3,350	0.00006
Lucia Li Li Ka-lai	–	1,614 (Note 5)	2,215 (Note 5)	–	–	–	3,829	0.00006
Ingrid Yeung Ho Poi-yan	1,116	–	–	–	–	–	1,116	0.00002
Mak Shing-cheung	558	8,058 (Note 6)	–	–	–	–	8,616	0.00015
Dr Jacob Kam Chak-pui	183,668	–	–	–	–	101,367	285,035	0.00482
Margaret Cheng Wai-ching	–	–	–	–	–	118,778	118,778	0.00201
Morris Cheung Siu-wa	49,822	–	–	–	–	52,717	102,539	0.00173
Dr Peter Ronald Ewen	–	–	–	–	–	50,750	50,750	0.00086
Herbert Hui Leung-wah	50	2,233 (Note 7)	–	–	–	45,600	47,883	0.00081
Adi Lau Tin-shing	27,233	–	–	–	26,000	63,768	117,001	0.00198
Gillian Elizabeth Meller	17,226	–	–	–	–	90,984	108,210	0.00183
Linda So Ka-pik	5,466	–	–	–	–	70,284	75,750	0.00128
David Tang Chi-fai	98,932	–	–	–	–	92,967	191,899	0.00324
Dr Philco Wong Nai-keung	21,694	–	–	–	55,000	98,868	175,562	0.00297
Jeny Yeung Mei-chun	575,583	–	–	–	–	94,317	669,900	0.01133

Notes

- 1 The 270,000 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 1,675 shares were held by Mrs Pamela Chan Wong Shui's spouse.
 - 4 The 1,675 shares were held by Mr Vincent Cheng Hoi-chuen's spouse.
 - 5 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.
 - 6 The 8,058 shares were held by Mr Mak Shing-cheung's spouse.
 - 7 The 2,233 shares were held by Mr Herbert Hui Leung-wah's spouse.
- [#] 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 41 to 42
- ^{*} Interests as beneficial owner
- [†] Interests of spouse or child under 18 as beneficial owner
- [▲] The Company's total number of voting shares in issue as at 30 June 2017 was 5,914,026,065

Corporate Governance and Other Information

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

- A** as at 30 June 2017, 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 month period ended 30 June 2017, 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.

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 2017 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	74.98% [#]

[#] The FSI's shareholding in the Company was 75.26% as at 10 August 2017 (being the approval date of this Report)

[▲] The Company's total number of voting shares in issue as at 30 June 2017 was 5,914,026,065

The Company has been informed by the Hong Kong Monetary Authority that, as at 30 June 2017, approximately 0.38% of the ordinary shares of the Company in issue (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

Pursuant to section 337 of the SFO, the Company has maintained a register recording the shareholding information provided by persons in response to the Company's requests pursuant to section 329 of the SFO.

Save as disclosed above and in the sections headed "Directors' Interests in Shares and Underlying Shares of the Company" and "Substantial Shareholders' Interests", as at 30 June 2017, the Company has not been notified of any other persons who had any interests or short positions in the shares or underlying shares of the Company which would be required to be recorded in the register kept by the Company pursuant to section 336 of the SFO.

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 month period ended 30 June 2017 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 2017	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 2017	Weighted average closing price of shares immediately before the date(s) on which options were exercised (HK\$)
Adi Lau Tin-shing	6/5/2013	78,000	26/4/2014 – 26/4/2020	78,000	–	–	78,000	31.40	–	46.40
	30/5/2014	80,000	23/5/2015 – 23/5/2021	80,000	26,000	–	54,000	28.65	26,000	46.40
Dr Philco Wong Nai-keung	30/5/2014	83,000	23/5/2015 – 23/5/2021	55,000	27,000	–	–	28.65	55,000	–
Other eligible employees	21/7/2010	270,000	28/6/2011 – 28/6/2017	45,000	–	–	45,000	27.73	–	45.10
	17/12/2010	4,907,000	16/12/2011 – 16/12/2017	594,000	–	–	316,000	28.84	278,000	44.54
	18/12/2010	673,000	16/12/2011 – 16/12/2017	225,500	–	–	120,000	28.84	105,500	45.90
	20/12/2010	4,789,500	16/12/2011 – 16/12/2017	552,500	–	–	354,500	28.84	198,000	44.61
	21/12/2010	3,020,000	16/12/2011 – 16/12/2017	485,000	–	–	238,000	28.84	247,000	44.20
	22/12/2010	975,000	16/12/2011 – 16/12/2017	308,000	–	–	245,000	28.84	63,000	45.29
	23/12/2010	189,000	16/12/2011 – 16/12/2017	33,000	–	–	33,000	28.84	–	47.03
	30/3/2012	15,868,500	23/3/2013 – 23/3/2019	3,362,000	–	–	1,371,500	27.48	1,990,500	45.03
	6/5/2013	20,331,500	26/4/2014 – 26/4/2020	7,104,000	–	–	2,568,000	31.40	4,536,000	45.36
	1/11/2013	188,500	25/10/2014 – 25/10/2020	24,500	–	–	24,500	29.87	–	45.45
30/5/2014	19,812,500	23/5/2015 – 23/5/2021	12,658,500	5,745,500	67,500	3,288,500	28.65	9,302,500	44.65	

Notes

- 1 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.
- 2 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.
- 3 The share options granted were subject to a vesting schedule in tranches of one-third each per annum starting from the first anniversary of the date of offer of the options (the "Offer Anniversary") and became fully vested on the third Offer Anniversary.

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 the ordinary shares of the Company held as part of the funds of the trust to acquire the 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.

Corporate Governance and Other Information

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% 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 month period ended 30 June 2017, a total of 2,357,400 Award Shares (2016: 2,588,350 Award Shares) were awarded under the 2014 Share Incentive Scheme. As at 30 June 2017, a total of 6,321,463 Award Shares (2016: 5,650,829 Award Shares) were neither vested, lapsed nor had been forfeited, representing 0.11% of the issued ordinary shares of the Company (2016: 0.1%) as at the Effective Date.

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 2017	Award Shares vested during the period	Award Shares lapsed and/or forfeited during the period	Award Shares outstanding as at 30 June 2017
		Restricted Shares	Performance Shares				
Lincoln Leong Kwok-kuen	27/4/2015	60,200	255,000	295,134	20,066	-	275,068
	8/4/2016	64,850	-	64,850	21,616	-	43,234
	10/4/2017	63,900	-	-	-	-	63,900
Dr Jacob Kam Chak-pui	27/4/2015	22,050	57,600	72,300	7,350	-	64,950
	8/4/2016	21,550	-	21,550	7,183	-	14,367
	10/4/2017	22,050	-	-	-	-	22,050
Margaret Cheng Wai-ching	19/8/2016	71,428	-	71,428	-	-	71,428
	10/4/2017	16,950	30,400	-	-	-	47,350
Morris Cheung Siu-wa	27/4/2015	-	28,800	28,800	-	-	28,800
	8/4/2016	14,950	-	14,950	4,983	-	9,967
	10/4/2017	13,950	-	-	-	-	13,950
Dr Peter Ronald Ewen	8/4/2016	-	35,700	35,700	-	-	35,700
	10/4/2017	15,050	-	-	-	-	15,050
Herbert Hui Leung-wah	10/4/2017	15,200	30,400	-	-	-	45,600
Adi Lau Tin-shing	27/4/2015	8,600	12,550	18,284	2,866	-	15,418
	8/4/2016	8,400	-	8,400	2,800	-	5,600
	10/4/2017	17,700	25,050	-	-	-	42,750
Gillian Elizabeth Meller	27/4/2015	16,950	57,600	68,900	5,650	-	63,250
	8/4/2016	17,300	-	17,300	5,766	-	11,534
	10/4/2017	16,200	-	-	-	-	16,200
Linda So Ka-pik	8/4/2016	16,400	44,050	60,450	5,466	-	54,984
	10/4/2017	15,300	-	-	-	-	15,300
David Tang Chi-fai	27/4/2015	18,450	57,600	69,900	6,150	-	63,750
	8/4/2016	17,950	-	17,950	5,983	-	11,967
	10/4/2017	17,250	-	-	-	-	17,250
Dr Philco Wong Nai-keung	27/4/2015	21,700	57,600	72,067	7,233	-	64,834
	8/4/2016	21,200	-	21,200	7,066	-	14,134
	10/4/2017	19,900	-	-	-	-	19,900
Jeny Yeung Mei-chun	27/4/2015	19,350	57,600	70,500	6,450	-	64,050
	8/4/2016	18,850	-	18,850	6,283	-	12,567
	10/4/2017	17,700	-	-	-	-	17,700
Other eligible employees	27/4/2015	2,172,750	1,051,650	2,239,386	650,122	24,528	1,564,736
	8/4/2016	2,199,700	107,450	2,236,700	710,870	45,605	1,480,225
	10/4/2017	1,994,050	26,350	-	2,166	4,334	2,013,900

Purchase, Sale or Redemption of Listed Securities

The Company's wholly owned subsidiary redeemed its US\$550 million bonds at par on 12 April 2017. The bonds were listed on the HKSE prior to the redemption. Save as disclosed above, the Group did not purchase, sell or redeem any of the Group's listed securities during the six month period ended 30 June 2017. The Trustee of the 2014 Share Incentive Scheme did not purchase any ordinary shares of the Company on the HKSE during the same period.

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

As at 30 June 2017, the Group had borrowings of HK\$35,369 million (2016: HK\$20,513 million) with maturities ranging from 2017 to 2055 and undrawn committed banking facilities of HK\$12,100 million (2016: HK\$31,700 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 28 August 2017 to 30 August 2017 (both dates inclusive), during which period no transfer of shares in the Company could be effected. In order to qualify for the 2017 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. (Hong Kong time) on 25 August 2017. The 2017 interim dividend, with a scrip dividend option (except for shareholders with registered addresses in New Zealand or the United States of America or any of its territories or possessions), is expected to be distributed on 13 October 2017 to shareholders whose names appeared on the Register of Members of the Company as at the close of business on 30 August 2017.