

# 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 continues to seek to identify and formalise best practices for adoption by the Company.

## Corporate Governance Code Compliance

During the six months' period ended 30 June 2015, 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").

## Risk Management

The Company has taken positive steps to enhance its corporate governance framework to prepare for compliance with the new requirements introduced by The Stock Exchange of Hong Kong Limited ("HKSE") in the Corporate Governance Code following its consultation conclusions regarding risk management and internal control, which will come into effect for accounting periods beginning on or after 1 January 2016.

The Board has strengthened its oversight in respect of the Company's risk profile through the Risk Committee, which is chaired by an Independent Non-executive Director ("INED") of the Company and made up of INEDs in majority. The Risk Committee is mandated by the Board to review the Company's Enterprise Risk Management ("ERM") framework effectiveness, top risks and emerging risks, to commission "deep dive" reviews on key risk areas

(as needed), as well as to review the Company's crisis management arrangements. During the six months' period ended 30 June 2015, the Risk Committee held two meetings. In addition to reviewing the effectiveness of the ERM framework of the Company (including ERM implementation in subsidiaries and affiliates), the Company's risk profile and key emerging risks, the Risk Committee also conducted "deep dive" reviews in the areas of operations safety relating to both heavy rail and light rail, human resources and energy cost optimisation.

The Board and the Risk Committee are supported by the Enterprise Risk Committee, which has accountability for the ERM framework, and is responsible for steering the implementation and enhancement of the framework and reviewing the top risks and key emerging risks with quarterly reports to the Executive Committee and the Risk Committee, and half-yearly reports to the Board.

The Company manages the risks arising from its businesses in a proactive manner. Key risks being managed in the first half of 2015 include new railway projects programme delay and cost overrun, and projects work potentially affecting railway services.

In light of the continued challenges faced by the Company's major new railway projects, the Company has completed its review of the project programme and cost estimates of all its projects except for the Shatin to Central Link. The review of the Shatin to Central Link will be completed in early 2016. For the two concession projects entrusted by Government, namely, the Express Rail Link and the Shatin to Central Link projects, the availability of additional funding is critical for continuation of the projects.

# Corporate Governance and Other Information

As the major new railway projects progress, there will be more interfacing works with a potential impact on the operating railway. This risk is being managed through strengthened collaboration between the Operations and the Projects teams, including in relation to the implementation of risk control measures, and surveillance and monitoring arrangements before commencement of the relevant work.

In the first half of 2015, a number of initiatives aiming to further enhance staff's risk management capability were launched, including the roll-out of a computer-based ERM training programme for all newly promoted or recruited managers and a series of ERM workshops attended by over 110 department heads and senior managers at which the participants discussed risks relating to the Company's businesses and shared ideas in raising risk awareness.

## 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 enhance transparency and operate 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 the law. As mentioned in the Company's Annual Report for 2014, a comprehensive review of the Code of Conduct was carried out in 2014 and the revised version was released to staff in June 2015. Promotional events and 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 also available on 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 subsidiary and affiliated companies 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 the Executive Directorate complied throughout the six months' period ended 30 June 2015 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 Inside Information (as defined 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.

In addition, every employee is bound by the Code of Conduct issued by the Company to keep unpublished price sensitive and Inside Information (as defined in the SFO) of the Company in strict confidence.

## 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 13 August 2015)

	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>							
Dr Raymond Ch'ien Kuo-fung (Chairman)			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
Dr Eddy Fong Ching	C	M					
Edward Ho Sing-tin				M	C		
James Kwan Yuk-choi					M	M	
Lau Ping-cheung, Kaizer					M		M
Lucia Li Li Ka-lai		M				M	
Professor Frederick Ma Si-hang		M	C				
Alasdair George Morrison		M				C	
Ng Leung-sing			M			M	
Abraham Shek Lai-him					M		M
Benjamin Tang Kwok-bun					M	M	
Dr Allan Wong Chi-yun		M			M		
<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
Morris Cheung Siu-wa (European Business Director)	M						M
Jacob Kam Chak-pui (Operations Director)	M						
Stephen Law Cheuk-kin (Finance Director)	M						
Gillian Elizabeth Meller (Legal Director and Secretary)	M						M
David Tang Chi-fai (Property Director)	M						
Philco Wong Nai-keung (Projects Director)	M						
Jeny Yeung Mei-chun (Commercial Director)	M						

\* The other Member of the Executive Committee is Ms Wong May-kay, General Manager – Corporate Relations.

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

# Corporate Governance and Other Information

## Changes during the period from 1 January 2015 to 13 August 2015

### *Changes in Composition of Members of the Board*

1. Dr Eddy Fong Ching was appointed as an INED and a member of the Audit Committee of the Company, both with effect from 13 January 2015. Dr Fong was then appointed as the chairman of the Audit Committee of the Company with effect from the conclusion of the Company's 2015 Annual General Meeting held on 20 May 2015 ("2015 AGM"). In this light, his annual emolument has been increased from HK\$300,000 to HK\$420,000. In addition, he was appointed as a member of the Nominations Committee of the Company with effect from 11 August 2015.
2. Mr Lincoln Leong Kwok-kuen, formerly the Acting Chief Executive Officer of the Company, was appointed as the Chief Executive Officer of the Company ("CEO") for a term of three years commencing from 16 March 2015, and continues to be a member of the Executive Directorate of the Company. He was also appointed as a member of the Board and a member of the Corporate Responsibility Committee of the Company with effect from the same date.
3. Mr Wai Chi-sing retired from the post of the Permanent Secretary for Development (Works) ("PS for D") with effect from 7 April 2015 and, as a result, ceased to be a Non-executive Director ("NED") and a member of each of the Capital Works Committee and the Risk Committee of the Company with effect from the same date. Mr Hon Chi-keung was appointed to the post of PS for D with effect from 7 April 2015, and by virtue of his appointment, became a NED of the Company on the same date. In addition, with effect from 7 April 2015, Mr Hon also became a member of each of the Capital Works Committee and the Risk Committee of the Company.
4. Mr T. Brian Stevenson retired as an INED of the Company, and ceased to be the chairman of the Audit Committee and a member of the Remuneration Committee of the Company with effect from the conclusion of the 2015 AGM.
5. Ms Christine Fang Meng-sang resigned as an INED of the Company with effect from 11 August 2015. She ceased to be a member of each of the Nominations Committee and the Corporate Responsibility Committee of the Company with effect from the same date.
6. Mr Lau Ping-cheung, Kaizer was appointed as an INED of the Company, as well as a member of each of the Capital Works Committee and the Corporate Responsibility Committee of the Company with effect from 11 August 2015.
7. Dr Allan Wong Chi-yun was appointed as an INED of the Company, as well as a member of each of the Audit Committee and the Capital Works Committee of the Company with effect from 11 August 2015.
8. Pursuant to Article 117 of the Company's Articles of Association, The Financial Secretary Incorporated has appointed Professor Frederick Ma Si-hang, who is currently an INED of the Company, as Chairman of the Company with effect from 1 January 2016.
9. Dr Raymond Ch'ien Kuo-fung will be retiring from the position of Chairman and as a Member of the Board, chairman of the Corporate Responsibility Committee and a member of the Nominations Committee of the Company when his tenure ends on 31 December 2015.

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

1. With effect from 15 June 2015, Mr Morris Cheung Siu-wa has become the Company's European Business Director and ceased to be the Company's Human Resources Director. He continues to be a member of the Executive Directorate.
2. With effect from 16 September 2015, Ms Linda So Ka-pik will become the Company's Corporate Affairs Director and a member of the Executive Directorate.

### 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>
Dr Dorothy Chan Yuen Tak-fai	Advisor to the Serco Group (HK) Limited (from 1 January 2015)
Abraham Shek Lai-him	(1) NED of Mandatory Provident Fund Schemes Authority (since 17 March 2015) (2) INED of Jinheng Automotive Safety Technology Holdings Limited (since 25 June 2015)
Vincent Cheng Hoi-chuen	INED of CK Hutchison Holdings Limited (since 3 June 2015)
Philco Wong Nai-keung	Vice President of The Hong Kong Institution of Engineers (since 30 June 2015)
	<b>Re-designation</b>
James Kwan Yuk-choi	INED (formerly a NED) of Towngas China Company Limited (since 29 May 2015)
	<b>Cessation of appointment</b>
Alasdair George Morrison	(1) Senior Advisor of Citigroup Asia Pacific (until 16 January 2015) (2) Member of the Financial Services Development Council of the HKSAR Government (until 16 January 2015)
Lincoln Leong Kwok-kuen	INED of Hong Kong Aircraft Engineering Company Limited (until 15 May 2015)
Dr Dorothy Chan Yuen Tak-fai	Member of Serco Road Tunnel and Bridge Advisory Board (until 30 May 2015)

### 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. Materials on the subject of corporate governance are also provided to Members of the Board, their Alternate Directors and Members of the Executive Directorate from time to time to keep them abreast of latest developments on this front.

In May 2015, a site visit to the Company's first property development project in Mainland China, namely Tiara, was arranged for Members of the Board to provide first-hand information on progress of the development and the sales arrangements. 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.

### Board and Board Committee Meetings

#### Regular Board Meetings

The Board held three regular meetings during the six months' period ended 30 June 2015. 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:

- Shareholder Analysis and Investors' Feedback;
- 2015 AGM;
- Directors' Manual Update;
- Follow up of MTR Board Workshop 2014;
- New Board Members and Board Committees Members;
- Election / Re-election of Directors at the 2015 AGM and proposed changes in the composition of Board Committees;
- Annual Review of size, structure and composition of the Board;
- Annual Review of Corporate Governance Functions;
- Proceedings of Audit Committee, Corporate Responsibility Committee, Capital Works Committee and Risk Committee;
- 2014 Annual Report and Accounts;
- Report on Internal Control System for year ended 31 December 2014;

# Corporate Governance and Other Information

- Contract Awards relating to railway projects and property work;
- Property Development tender strategy;
- Tender for Advertising Sales Services;
- Express Rail Link Update;
- Investment Project in the Mainland China;
- Management of Interface Risks arising from East Rail Line Signalling Replacement;
- 2014 Operational Performance Review and Service Reliability Initiatives;
- Principles for Revising MTR Fares under Fare Adjustment Mechanism in 2015;
- Fare Increase for Guangdong Line Through;
- Enterprise Risk Management Annual Report 2014; and
- Sustainability Report 2014.

## Special Board Meetings

The Chairman held seven special Board meetings during the six months' period ended 30 June 2015 and a number of matters were covered, including the Express Rail Link project, property development tenders and a property investment proposal.

## Private Board Meetings

The Chairman held two private Board meetings during the six months' period ended 30 June 2015. At these meetings, the Board discussed appointments and the performance of members of the Executive Directorate.

## Board Committee Meeting

A meeting of the board committee was held on 16 March 2015 to consider and approve:

- (i) the final dividend for the year ended 31 December 2014;
- (ii) the 2014 Annual Report and Accounts with recommendation of the same for shareholders' approval at the 2015 AGM; and
- (iii) the Preliminary Announcement of Results.

## Communication With Shareholders

### Annual General Meeting

The Company's 2015 AGM was held on 20 May 2015. 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 Dr Raymond Ch'ien Kuo-fung and Professor Chan Ka-keung, Ceajer, and election of Dr Eddy Fong Ching, Mr James Kwan Yuk-choi, Mr Lincoln Leong Kwok-kuen, Mrs Lucia Li Li Ka-lai and Mr Benjamin Tang Kwok-bun as Members of the Board; and
- Declaration of a final dividend of HK\$0.80 per share for the year ended 31 December 2014, giving a full year dividend of HK\$1.05 per share, which was an increase of 14.1% compared to the dividend declared for 2013.

All resolutions at the 2015 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 2015 AGM, the whole proceedings were recorded and posted on the Company's website ([www.mtr.com.hk](http://www.mtr.com.hk)) 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 2015, there was no change to the Company's Articles of Association.

## Board Members' and Executive Directorate's Interests in Shares and Underlying Shares of the Company

As at 30 June 2015, 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 number of voting shares in issue
	Personal* interests	Family† interests	Other interests	Corporate interests	Personal* interests	Personal* interests		
Raymond Ch'ien Kuo-fung	53,543	–	–	–	–	–	53,543	0.00092
Lincoln Leong Kwok-kuen	363,000	–	–	23,000 (Note 1)	797,000	315,200	1,498,200	0.02565
Pamela Chan Wong Shui	9,002	1,675	–	–	–	–	10,677	0.00018
Vincent Cheng Hoi-chuen	1,675	1,675	–	–	–	–	3,350	0.00006
Christine Fang Meng-sang	1,712	–	–	–	–	–	1,712	0.00003
Lucia Li Li Ka-lai	–	1,614 (Note 2)	2,215 (Note 2)	–	–	–	3,829	0.00007
Frederick Ma Si-hang	–	70,000 (Note 3)	70,000 (Note 3)	–	–	–	70,000	0.00120
Ingrid Yeung Ho Poi-yan	1,116	–	–	–	–	–	1,116	0.00002
Morris Cheung Siu-wa	13,705	–	–	–	334,500	28,800	377,005	0.00645
Jacob Kam Chak-pui	2,283	–	–	–	659,500	79,650	741,433	0.01269
Stephen Law Cheuk-kin	–	–	–	–	196,000	74,300	270,300	0.00463
Gillian Elizabeth Meller	–	–	–	–	497,500	74,550	572,050	0.00979
David Tang Chi-fai	617	–	–	–	454,000	76,050	530,667	0.00908
Philco Wong Nai-keung	–	–	–	–	187,500	79,300	266,800	0.00457
Jeny Yeung Mei-chun	13,400	–	–	–	543,000	76,950	633,350	0.01084

### Notes

1 The 23,000 shares were held by Linsan Investment Ltd., a private limited company beneficially wholly owned by Mr Lincoln Leong Kwok-kuen.

2 The 1,614 shares were held by Mrs Lucia Li Li Ka-lai's spouse and 2,215 shares were jointly held by Mrs Li and her spouse.

3 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.

# 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 36 to 39

\* Interests as beneficial owner

† Interests of spouse or child under 18 as beneficial owner

Save as disclosed above:

**A** none of the Members of the Board and 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 2015, 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

## 2007 Share Option Scheme

Movements in the outstanding share options granted under the 2007 Share Option Scheme during the six months' period ended 30 June 2015 are set out below:

Executive Directorate and eligible employees	Date granted	Options granted	Period during which rights exercisable (day/month/year)	Options outstanding as at 1 January 2015	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 2015	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	–	–	–	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	–
	6/5/2013	256,000	26/4/2014 – 26/4/2020	256,000	85,500	–	–	31.40	256,000	–
Morris Cheung Siu-wa	11/12/2009	65,000	8/12/2010 – 8/12/2016	65,000	–	–	65,000	26.85	–	38.95
	21/7/2010	35,000	28/6/2011 – 28/6/2017	35,000	–	–	24,000	27.73	11,000	38.95
	20/12/2010	65,000	16/12/2011 – 16/12/2017	65,000	–	–	44,000	28.84	21,000	38.95
	30/3/2012	122,000	23/3/2013 – 23/3/2019	122,000	40,000	–	–	27.48	122,000	–
Jacob Kam Chak-pui	6/5/2013	180,500	26/4/2014 – 26/4/2020	180,500	60,500	–	–	31.40	180,500	–
	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	–	–	–	27.73	50,000	–
	17/12/2010	170,000	16/12/2011 – 16/12/2017	170,000	–	–	–	28.84	170,000	–
Stephen Law Cheuk-kin	30/3/2012	172,000	23/3/2013 – 23/3/2019	172,000	57,000	–	–	27.48	172,000	–
	6/5/2013	202,500	26/4/2014 – 26/4/2020	202,500	67,500	–	–	31.40	202,500	–
	1/11/2013	196,000	25/10/2014 – 25/10/2020	196,000	–	–	–	29.87	196,000	–
	10/12/2009	65,000	8/12/2010 – 8/12/2016	65,000	–	–	–	26.85	65,000	–
Gillian Elizabeth Meller	17/12/2010	90,000	16/12/2011 – 16/12/2017	90,000	–	–	–	28.84	90,000	–
	30/3/2012	158,500	23/3/2013 – 23/3/2019	158,500	52,500	–	–	27.48	158,500	–
	6/5/2013	184,000	26/4/2014 – 26/4/2020	184,000	61,500	–	–	31.40	184,000	–
	12/12/2008	65,000	8/12/2009 – 8/12/2015	21,000	–	–	21,000	18.30	–	35.80
David Tang Chi-fai	15/12/2009	65,000	8/12/2010 – 8/12/2016	65,000	–	–	22,000	26.85	43,000	35.80
	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	61,000	–	–	31.40	182,500	–
	30/3/2012	70,500	23/3/2013 – 23/3/2019	23,500	23,500	–	–	27.48	23,500	–
Philco Wong Nai-keung	6/5/2013	81,000	26/4/2014 – 26/4/2020	81,000	27,000	–	–	31.40	81,000	–
	30/5/2014	83,000	23/5/2015 – 23/5/2021	83,000	28,000	–	–	28.65	83,000	–
	10/12/2008	65,000	8/12/2009 – 8/12/2015	65,000	–	–	–	18.30	65,000	–
Jeny Yeung Mei-chun	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	53,000	–	–	27.48	161,000	–
	6/5/2013	187,000	26/4/2014 – 26/4/2020	187,000	62,500	–	–	31.40	187,000	–



## 2007 Share Option Scheme (continued)

Executive Directorate and eligible employees	Date granted	Options granted	Period during which rights exercisable (day/month/year)	Options outstanding as at 1 January 2015	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 2015	Weighted average closing price of shares immediately before the date(s) on which options were exercised (HK\$)
Other eligible employees	28/3/2008	255,000	26/3/2009 – 26/3/2015	54,000	–	–	54,000	26.52	–	33.86
	31/3/2008	379,000	26/3/2009 – 26/3/2015	81,000	–	–	81,000	26.52	–	34.25
	1/4/2008	261,000	26/3/2009 – 26/3/2015	127,000	–	–	127,000	26.52	–	34.15
	2/4/2008	296,000	26/3/2009 – 26/3/2015	159,000	–	–	159,000	26.52	–	34.30
	3/4/2008	171,000	26/3/2009 – 26/3/2015	55,000	–	–	55,000	26.52	–	34.82
	7/4/2008	390,000	26/3/2009 – 26/3/2015	130,000	–	–	130,000	26.52	–	34.66
	9/4/2008	85,000	26/3/2009 – 26/3/2015	23,000	–	–	23,000	26.52	–	33.55
	10/4/2008	58,000	26/3/2009 – 26/3/2015	58,000	–	–	58,000	26.52	–	35.67
	11/4/2008	134,000	26/3/2009 – 26/3/2015	70,000	–	–	70,000	26.52	–	34.95
	12/4/2008	48,000	26/3/2009 – 26/3/2015	31,000	–	–	31,000	26.52	–	34.22
	14/4/2008	40,000	26/3/2009 – 26/3/2015	40,000	–	–	40,000	26.52	–	35.87
	15/4/2008	34,000	26/3/2009 – 26/3/2015	17,000	–	–	17,000	26.52	–	33.00
	16/4/2008	57,000	26/3/2009 – 26/3/2015	40,000	–	–	40,000	26.52	–	33.47
	17/4/2008	147,000	26/3/2009 – 26/3/2015	90,000	–	–	90,000	26.52	–	32.57
	18/4/2008	32,000	26/3/2009 – 26/3/2015	15,000	–	–	15,000	26.52	–	35.15
	21/4/2008	66,000	26/3/2009 – 26/3/2015	58,000	–	–	58,000	26.52	–	33.65
	23/4/2008	34,000	26/3/2009 – 26/3/2015	19,000	–	–	19,000	26.52	–	35.95
	8/12/2008	90,000	8/12/2009 – 8/12/2015	20,000	–	–	20,000	18.30	–	34.90
	9/12/2008	1,293,000	8/12/2009 – 8/12/2015	257,000	–	–	56,000	18.30	201,000	38.55
	10/12/2008	2,046,400	8/12/2009 – 8/12/2015	419,700	–	–	223,200	18.30	196,500	34.99
	11/12/2008	2,394,200	8/12/2009 – 8/12/2015	370,000	–	–	227,500	18.30	142,500	36.46
	12/12/2008	1,416,500	8/12/2009 – 8/12/2015	442,500	–	–	161,500	18.30	281,000	33.16
	13/12/2008	84,500	8/12/2009 – 8/12/2015	40,500	–	–	–	18.30	40,500	–
	15/12/2008	1,084,700	8/12/2009 – 8/12/2015	228,700	–	–	25,000	18.30	203,700	38.16
	16/12/2008	581,500	8/12/2009 – 8/12/2015	134,000	–	–	44,000	18.30	90,000	38.28
	17/12/2008	513,500	8/12/2009 – 8/12/2015	171,500	–	–	47,500	18.30	124,000	37.02
	18/12/2008	611,500	8/12/2009 – 8/12/2015	19,000	–	–	19,000	18.30	–	33.00
	19/12/2008	198,000	8/12/2009 – 8/12/2015	44,000	–	–	–	18.30	44,000	–
	22/12/2008	772,500	8/12/2009 – 8/12/2015	136,500	–	–	45,000	18.30	91,500	36.50
	23/12/2008	306,000	8/12/2009 – 8/12/2015	44,000	–	–	19,000	18.30	25,000	38.55
	24/12/2008	500,500	8/12/2009 – 8/12/2015	109,000	–	–	90,000	18.30	19,000	34.48
	25/12/2008	45,000	8/12/2009 – 8/12/2015	45,000	–	–	–	18.30	45,000	–
	18/6/2009	255,000	12/6/2010 – 12/6/2016	130,000	–	–	130,000	24.50	–	35.50
	6/7/2009	45,000	12/6/2010 – 12/6/2016	45,000	–	–	45,000	24.50	–	35.55
	9/12/2009	670,000	8/12/2010 – 8/12/2016	520,000	–	–	50,000	26.85	470,000	36.13
	10/12/2009	2,551,000	8/12/2010 – 8/12/2016	1,364,000	–	–	593,000	26.85	771,000	35.81
	11/12/2009	2,297,000	8/12/2010 – 8/12/2016	1,251,000	–	–	580,500	26.85	670,500	35.06
	12/12/2009	610,000	8/12/2010 – 8/12/2016	290,000	–	–	110,000	26.85	180,000	37.01
	14/12/2009	2,443,000	8/12/2010 – 8/12/2016	1,332,000	–	–	685,000	26.85	647,000	35.84
	15/12/2009	2,773,000	8/12/2010 – 8/12/2016	1,192,500	–	–	527,500	26.85	665,000	36.04
	16/12/2009	1,550,000	8/12/2010 – 8/12/2016	581,500	–	–	163,500	26.85	418,000	36.72

# Corporate Governance and Other Information

## 2007 Share Option Scheme (continued)

Executive Directorate and eligible employees	Date granted	Options granted	Period during which rights exercisable (day/month/year)	Options outstanding as at 1 January 2015	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 2015	Weighted average closing price of shares immediately before the date(s) on which options were exercised (HK\$)
Other eligible employees	17/12/2009	1,000,000	8/12/2010 – 8/12/2016	290,000	–	–	95,000	26.85	195,000	36.17
	18/12/2009	389,000	8/12/2010 – 8/12/2016	228,500	–	–	101,500	26.85	127,000	36.53
	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	279,000	–	–	38,000	26.85	241,000	37.43
	22/12/2009	256,000	8/12/2010 – 8/12/2016	147,000	–	–	25,000	26.85	122,000	33.65
	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	104,000	–	–	–	28.84	104,000	–
	17/12/2010	4,907,000	16/12/2011 – 16/12/2017	3,463,000	–	–	656,500	28.84	2,806,500	36.67
	18/12/2010	673,000	16/12/2011 – 16/12/2017	608,000	–	–	185,000	28.84	423,000	35.60
	19/12/2010	174,000	16/12/2011 – 16/12/2017	98,000	–	–	73,000	28.84	25,000	36.46
	20/12/2010	4,789,500	16/12/2011 – 16/12/2017	3,086,000	–	–	1,202,000	28.84	1,884,000	35.71
	21/12/2010	3,020,000	16/12/2011 – 16/12/2017	1,929,000	–	–	686,000	28.84	1,243,000	36.19
	22/12/2010	975,000	16/12/2011 – 16/12/2017	682,000	–	–	98,000	28.84	584,000	37.02
	23/12/2010	189,000	16/12/2011 – 16/12/2017	119,000	–	–	44,000	28.84	75,000	34.60
	7/7/2011	215,000	27/6/2012 – 27/6/2018	123,000	–	–	88,000	26.96	35,000	34.42
	30/3/2012	15,868,500	23/3/2013 – 23/3/2019	12,562,500	4,795,000	8,500	4,239,000	27.48	8,315,000	37.10
	6/5/2013	20,331,500	26/4/2014 – 26/4/2020	19,037,500	6,409,500	203,000	2,078,500	31.40	16,756,000	36.89
	1/11/2013	188,500	25/10/2014 – 25/10/2020	188,500	–	–	–	29.87	188,500	–
	30/5/2014	19,812,500	23/5/2015 – 23/5/2021	19,551,000	6,596,000	177,000	393,500	28.65	18,980,500	37.17

### 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

## 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' interest 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").

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 shares of the Company held as part of the funds of the trust to acquire existing shares of the Company from the market. Such 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 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.

For the six months' period ended 30 June 2015, a total of 4,029,200 Award Shares had been awarded under the 2014 Share Incentive Scheme, representing 0.07 per cent. of the number of shares issued by the Company as at 1 January 2015, the effective date of the 2014 Share Incentive Scheme.

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 2015	Award Shares vested during the period	Award Shares lapsed and/or forfeited during the period	Award Shares outstanding as at 30 June 2015
		Restricted Shares	Performance Shares				
Lincoln Leong Kwok-kuen	27/4/2015	60,200	255,000	–	–	–	315,200
Morris Cheung Siu-wa	27/4/2015	–	28,800	–	–	–	28,800
Jacob Kam Chak-pui	27/4/2015	22,050	57,600	–	–	–	79,650
Stephen Law Cheuk-kin	27/4/2015	16,700	57,600	–	–	–	74,300
Gillian Elizabeth Meller	27/4/2015	16,950	57,600	–	–	–	74,550
David Tang Chi-fai	27/4/2015	18,450	57,600	–	–	–	76,050
Philco Wong Nai-keung	27/4/2015	21,700	57,600	–	–	–	79,300
Jeny Yeung Mei-chun	27/4/2015	19,350	57,600	–	–	–	76,950
Other eligible employees	27/4/2015	2,172,750	1,051,650	–	–	–	3,224,400

## 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 2015 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 the Government)	4,434,552,207	75.91

The Company has been informed by the Government that, as at 30 June 2015, approximately 0.37% 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.

# Corporate Governance and Other Information

## Other Persons' Interests

Save as disclosed in the sections headed "Board Members' and Executive Directorate's Interests in Shares and Underlying Shares of the Company" and "Substantial Shareholders' Interests", as at 30 June 2015, 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.

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

As at 30 June 2015, the Group had borrowings of HK\$13,334 million with maturities ranging from 2016 to 2055 and undrawn committed banking facilities of HK\$5,900 million, which were subject to the condition that the 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.

## 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 2015. 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 4,029,200 shares of the Company for a total consideration of approximately HK\$150 million during the same period.

## Closure of Register of Members

The Register of Members of the Company was closed from 28 August 2015 to 2 September 2015 (both dates inclusive), during which no transfer of shares could be registered. 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 27 August 2015. The 2015 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 16 October 2015 to shareholders whose names appeared on the Register of Members of the Company as at the close of business on 2 September 2015.