

# 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 6 August 2020)

	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 ("NED")</b>							
Rex Auyeung Pak-kuen (Chairman)			M	M			C
Christopher Hui Ching-yu (Secretary for Financial Services and the Treasury)			M	M			
Secretary for Transport and Housing (Frank Chan Fan)			M	M			
Permanent Secretary for Development (Works) (Lam Sai-hung)					M	M	
Commissioner for Transport		M				M	
<b>Independent Non-executive Directors ("INED")</b>							
Andrew Clifford Winawer Brandler		M				C	
Dr Bunny Chan Chung-bun							M
Walter Chan Kar-lok			M				M
Dr Pamela Chan Wong Shui			C				M
Dr Dorothy Chan Yuen Tak-fai				C	M		
Cheng Yan-kee				M	C		
Dr Anthony Chow Wing-kin				M	M		
Dr Eddy Fong Ching		C	M				
James Kwan Yuk-choi					M	M	
Rose Lee Wai-mun		M				M	
Lucia Li Li Ka-lai		M	M				
Jimmy Ng Wing-ka					M		M
Benjamin Tang Kwok-bun				M		M	
Johannes Zhou Yuan		M				M	
<b>Executive Director</b>							
Dr Jacob Kam Chak-pui (Chief Executive Officer)	C						M
<b>Members of the Executive Directorate</b>							
Dr Jacob Kam Chak-pui (Chief Executive Officer)	C						M
Adi Lau Tin-shing (Managing Director – Operations and Mainland Business)	M						
Roger Francis Bayliss (Projects Director)	M						
Margaret Cheng Wai-ching (Human Resources Director)	M						M
Linda Choy Siu-min (Corporate Affairs Director)	M						M
Dr Peter Ronald Ewen (Engineering Director)	M						
Herbert Hui Leung-wah (Finance Director)	M						
Dr Tony Lee Kar-yun (Operations Director)	M						
Gillian Elizabeth Meller (Legal and European Business Director)	M						
David Tang Chi-fai (Property 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 the 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 actively seeks opportunities for continuous improvement in the area of corporate governance and takes prompt action in responding to identified improvement opportunities. According to the “2020 HKIoD Corporate Governance Scorecard” announced by The Hong Kong Institute of Directors in May this year, the Company is one of the top 10 listed companies with the highest Corporate Governance Index scores.

## CORPORATE GOVERNANCE CODE COMPLIANCE

During the six months ended 30 June 2020, the Company has complied with the Code Provisions set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

## BUSINESS ETHICS

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

The Code of Conduct is reviewed and updated periodically to ensure appropriateness and compliance with corporate and regulatory requirements. Following the release of an updated Code of Conduct in July 2020, a new series of staff awareness programmes was launched featuring animation videos and an interactive game to help staff members better understand the principles of the Code. Other education programmes, including seminars and mandatory computer-based training programmes (“CBT Programmes”) were also introduced to raise staff awareness. For instance, a mandatory CBT Programme titled “Understanding Personal Data (Privacy Ordinance)” has been launched with a short quiz as part of the Code of Conduct CBT Programme series.

Staff members are encouraged to report existing or perceived violations of the Code of Conduct as well as malpractices. Proper procedures related to the whistle-blowing policy of the Company are also in place, enabling staff members to raise their concerns in a safe environment and in complete confidence if they have genuine suspicions about any wrongdoings.

To assist new recruits in embracing the Company’s values and ethical commitments, they are briefed on the Code of Conduct during the staff induction programme. New recruits are also required to complete the mandatory CBT Programmes within three months of joining the Company. The Code of Conduct is available on the Company’s website ([www.mtr.com.hk](http://www.mtr.com.hk)).

In addition, the Code of Conduct serves as a guideline for establishing a comparable ethical culture among 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 to the Listing Rules (the “Model Code”). After having made specific enquiry, the Company confirms that all Members of the Board and (where applicable) their Alternate Directors and all Members of the Executive Directorate have complied with the Model Code throughout the six months ended 30 June 2020.

Senior managers, other nominated managers and staff who, because of their office in the Company, may 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 (collectively the “Model Code Managers”), have also been requested to comply with the provisions of the Model Code and have confirmed their compliance.

For enhanced monitoring and effectiveness, the Company has implemented a Model Code Managers Management System to provide one-stop access to the relevant key processes to support compliance with the Model Code. Periodic training is also required to be completed by Model Code Managers.

## CHANGES DURING THE PERIOD FROM 1 JANUARY 2020 TO 6 AUGUST 2020

### Changes in Composition of the Board

1. Dr Bunny Chan Chung-bun was elected as a Board Member and became an INED with effect from the conclusion of the Company's Annual General Meeting held on 20 May 2020 (the "2020 AGM"), and was appointed by the Board as a member of the Corporate Responsibility Committee of the Company with effect from the same date.
2. Dr Allan Wong Chi-yun retired as an INED and ceased to be the chairman of the Capital Works Committee and a member of the Nominations Committee of the Company, all with effect from the conclusion of the 2020 AGM.
3. Mr Cheng Yan-kee, an INED and a member of each of the Capital Works Committee and the Remuneration Committee of the Company, was appointed by the Board as the chairman of the Capital Works Committee of the Company with effect from the conclusion of the 2020 AGM.
4. Mrs Lucia Li Li Ka-lai, an INED and a member of each of the Audit Committee and the Corporate Responsibility Committee of the Company, was appointed by the Board as a member of the Nominations Committee of the Company and ceased to be a member of the Corporate Responsibility Committee of the Company, both with effect from the conclusion of the 2020 AGM.
5. Mr James Henry Lau Jr resigned and ceased to be a NED and a member of each of the Nominations Committee and the Remuneration Committee of the Company, all with effect from 1 June 2020.
6. Mr Christopher Hui Ching-yu (Secretary for Financial Services and the Treasury) was appointed by the Board as a NED and a member of each of the Nominations Committee and the Remuneration Committee of the Company, all with effect from 1 June 2020.
7. Ms Mable Chan ceased to hold the post of the Commissioner for Transport with effect from 1 August 2020 and, as a result, ceased to be a NED and a member of each of the Audit Committee and the Risk Committee of the Company, all with effect from the same date.

### Changes of Alternate Directors

1. Mr Joseph Chan Ho-lim (Under Secretary for Financial Services and the Treasury), Ms Alice Lau Yim (Permanent Secretary for Financial Services and the Treasury (Treasury)) and Mr Andrew Lai Chi-wah (Deputy Secretary for Financial Services and the Treasury (Treasury)<sup>2</sup>) ceased to be Alternate Directors to Mr James Henry Lau Jr, a former NED, with effect from 1 June 2020.
2. Mr Joseph Chan Ho-lim, Ms Alice Lau Yim and Mr Andrew Lai Chi-wah were appointed by Mr Christopher Hui Ching-yu, a NED, as his Alternate Directors with effect from 1 June 2020.
3. Mr Andrew Lai Chi-wah ceased to be an Alternate Director to Mr Christopher Hui Ching-yu, a NED, with effect from 25 July 2020.
4. Mr Joseph Lai Yee-tak ceased to be an Alternate Director to the office of the Secretary for Transport and Housing ("S for T&H") (Mr Frank Chan Fan), a NED, with effect from 1 August 2020, as he ceased to hold the post of Permanent Secretary for Transport and Housing (Transport) with effect from the same date.
5. Ms Mable Chan has taken up the post of Permanent Secretary for Transport and Housing (Transport) with effect from 1 August 2020 and, by assuming such post, became an Alternate Director to the office of the S for T&H (Mr Frank Chan Fan), a NED, with effect from the same date.

### Changes in Composition of the Executive Directorate

1. Mr Adi Lau Tin-shing was appointed as the Managing Director – Operations and Mainland Business and ceased to be the Operations Director of the Company with effect from 1 January 2020. He continues to be a Member of the Company's Executive Directorate.
2. Dr Tony Lee Kar-yun was appointed as the Operations Director and became a Member of the Executive Directorate of the Company with effect from 1 January 2020.
3. Ms Linda So Ka-pik resigned as the Corporate Affairs Director and ceased to be a Member of the Executive Directorate and a member of the Corporate Responsibility Committee of the Company, all with effect from 16 January 2020.

4. Ms Linda Choy Siu-min was appointed as the Corporate Affairs Director and became a Member of the Executive Directorate and a member of the Corporate Responsibility Committee of the Company, all with effect from 2 March 2020.

## Changes in Information of Directors

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

### (i) Changes in Biographical Details

Name	Change(s)	Nature and Effective Date of Change(s)
Rex Auyeung Pak-kuen	The Community Chest of Hong Kong • Member of the Investment Sub-committee	Cessation (22 June 2020)
Dr Dorothy Chan Yuen Tak-fai	The Chartered Institute of Logistics and Transport • Global Chairperson and Global Advisor for Women in Logistics and Transport	Cessation (1 July 2020)
Dr Anthony Chow Wing-kin	The Hong Kong Academy for Performing Arts • Deputy Chairman of the Council	Appointment (1 January 2020)
	The Hong Kong Jockey Club • Chairman of the board of stewards	Cessation (22 June 2020)
Dr Eddy Fong Ching	Mox Bank Limited (formerly known as SC Digital Solutions Limited) • Independent Non-executive Director	Cessation (26 July 2020)
Christopher Hui Ching-yu	The Hong Kong Mortgage Corporation Limited • Non-executive Director	Appointment (25 May 2020)
Jimmy Ng Wing-ka	Competition Commission (HKSAR) • Member	Appointment (1 May 2020)
	The University of Hong Kong • Member of the Court	Appointment (5 June 2020)
James Henry Lau Jr (Resigned on 1 June 2020)	The Government of the HKSAR • Secretary for Financial Services and the Treasury	Cessation (22 April 2020)
	Kowloon-Canton Railway Corporation • Chairman	Cessation (22 April 2020)
	Hongkong International Theme Parks Limited • Director	Cessation (22 April 2020)
	Mandatory Provident Fund Schemes Authority (Hong Kong) • Director	Cessation (22 April 2020)
	Airport Authority Hong Kong • Board Member	Cessation (22 April 2020)
	West Kowloon Cultural District Authority (Hong Kong) • Board Member	Cessation (22 April 2020)
	Financial Services Development Council (Hong Kong) • Ex-officio Member	Cessation (22 April 2020)
	The Hong Kong Mortgage Corporation Limited • Non-executive Director	Cessation (25 May 2020)
Dr Jacob Kam Chak-pui	Vocational Training Council in Hong Kong • Council Member	Cessation (1 July 2020)
Margaret Cheng Wai-ching	Hospital Authority (Hong Kong) • Member	Appointment (1 April 2020)
Dr Tony Lee Kar-yun	The Hong Kong Institute of Directors • Member	Admission (7 May 2020)
Gillian Elizabeth Meller	The Hong Kong Institute of Chartered Secretaries • President • Vice-president	Appointment (1 January 2020) Cessation (1 January 2020)
David Tang Chi-fai	The University of Hong Kong • Adjunct Professor in the Department of Real Estate and Construction	Appointment (1 June 2020)

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

### (ii) Change in Director's Remuneration

Mr Cheng Yan-kee became the chairman (previously a member) of the Company's Capital Works Committee with effect from the conclusion of the 2020 AGM. As a result, the annual fee payable to him by the Company has been adjusted from HK\$450,000 to HK\$510,000 per annum effective from 20 May 2020. The actual fee receivable by Mr Cheng for the year ending 31 December 2020 will be calculated on a pro rata basis.

## 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 which covers:

- 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; and
- the general and specific duties of a director under general law (common law and legislation) and the Listing Rules.

In addition to the above, a Familiarization Programme to understand the key areas of the Company's business and operations is provided.

Induction and familiarization programmes have been or will be provided to Dr Bunny Chan Chung-bun and Mr Christopher Hui Ching-yu, the new Board Members; Ms Mable Chan, Mr Joseph Chan Ho-lim and Ms Alice Lau Yim, the new Alternate Directors; and Dr Tony Lee Kar-yun and Ms Linda Choy Siu-min, the new Members of the Executive Directorate.

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 and e-learning provided by The Stock Exchange of Hong Kong Limited (the "HKSE") are also provided/notified to Members of the Board, Alternate Directors and Members of the Executive Directorate from time to time to keep them abreast of latest developments on this front.

## BOARD MEETINGS

The Board held ten meetings (three Regular Meetings and seven Special Meetings) during the six months ended 30 June 2020.

### Regular Meetings

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

- Corporate Governance matters, including:
  - Annual review of the structure, size and composition of the Board and its corporate governance functions for 2019; annual assessment of (i) the independence of the INEDs; and (ii) the effectiveness of the Company's risk management and internal control systems for 2019;
  - Recommendation of the appointment of a new Member of the Board and re-election of retiring Members of the Board, for approval by shareholders at the 2020 AGM;
  - Approval of the changes to Board Committee composition and annual update to the Directors' Manual; and
  - Receipt and consideration of reports from Management on key matters such as safety, risk management and sustainability;
- Operations:
  - Review of 2019 train service performance;
  - Receipt of updates on the Hung Hom derailment incident that happened in 2019;
  - Contract award for asset replacement; and
  - Receipt of update on a signalling replacement project;
- Consultancy:
  - Approval of the extension and renewal of maintenance contract of the Automated People Mover System with Airport Authority Hong Kong;
- Projects:
  - Receipt of updates on the Shatin to Central Link project and related matters;

- Receipt of update on the proposal and approval of budget for a consultancy for the Tung Chung Line Extension Project at Lantau North; and
- Receipt of updates/review of technical and financial proposals for proposed railway lines under the Railway Development Strategy 2014 (“RDS-2014”);
- Mainland China and International Business:
  - Receipt of business updates on Macau and Mainland China Businesses; and
  - Approval of contracts/tender submissions for projects in Mainland China and overseas;
- Property:
  - Approval of tender arrangement for a property development in Hong Kong;
- Commercial and Marketing:
  - Approval of the Company’s fares proposal for 2020 under the Fare Adjustment Mechanism and its implementation; and
  - Approval of renewal of franchise agreement for station commercial space;
- Financial:
  - Review and approval of 2019 Annual Report and Accounts; and
  - Receipt of updates on the financial and other impacts of the coronavirus (“COVID-19”) and mitigation measures.

## Special Meetings

Seven special meetings were held to consider various matters, including the acquisition of interests in real estate properties in Hong Kong, the Shatin to Central Link project, the handling of the outbreak of COVID-19 and its financial impact on the Company, COVID-19 relief measures for passengers, a new railway project under RDS-2014, and investment projects in Mainland China.

## COMMUNICATION WITH SHAREHOLDERS

### Annual General Meeting

The Company’s 2020 AGM was held on 20 May 2020. The Chairman continued his practice of proposing separate resolutions for each substantially separate matter.

A total of 10 resolutions were passed at the 2020 AGM (with resolution no. 3 comprising four separate resolutions), each supported by over 98% of the votes cast. The full text of the resolutions is set out in the 2020 AGM Circular (which comprised Notice of the 2020 AGM) dated 14 April 2020.

All resolutions at the 2020 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 on the same day after the 2020 AGM.

In light of the outbreak of COVID-19 and the Prevention and Control of Disease (Prohibition on Group Gathering) Regulations, the Company implemented a number of precautionary measures for the 2020 AGM, including restricting the number of shareholders who could physically attend the 2020 AGM through pre-registration and requiring submission of questions in advance of the 2020 AGM. For the benefit of the Company’s shareholders who were unable to physically attend the 2020 AGM, the Company arranged its first ever live webcast of the AGM with choices of language (Cantonese, English and Putonghua). The webcast of the whole proceedings was also posted on the Company’s website in the same evening for viewing.

## CONSTITUTIONAL DOCUMENT

The Company’s Articles of Association (in both English and Chinese) are available on the websites of both the Company ([www.mtr.com.hk](http://www.mtr.com.hk)) and the HKSE. During the six months ended 30 June 2020, 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 2020, 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:

Members of the Board/ Alternate Directors/ Members of the Executive Directorate	No. of ordinary shares held			No. of share options <sup>#</sup>	No. of award shares <sup>#</sup>	Total interests	Percentage of aggregate interests to total no. of voting shares in issue <sup>Δ</sup>
	Personal interests*	Family interests <sup>†</sup>	Other interests	Personal interests*	Personal interests*		
Dr Jacob Kam Chak-pui	312,837	–	–	–	391,618	704,455	0.01144
Dr Pamela Chan Wong Shui	9,072	1,675 (Note 1)	–	–	–	10,747	0.00017
Cheng Yan-kee	–	2,000 (Note 2)	–	–	–	2,000	0.00003
Rose Lee Wai-mun	3,350	–	–	–	–	3,350	0.00005
Lucia Li Li Ka-lai	–	1,614 (Note 3)	2,215 (Note 3)	–	–	3,829	0.00006
Alice Lau Yim	1,116	–	–	–	–	1,116	0.00002
Mak Shing-cheung	558	8,058 (Note 4)	–	–	–	8,616	0.00014
Dr Raymond So Wai-man	–	1,675 (Note 5)	–	–	–	1,675	0.00003
Adi Lau Tin-shing	134,294	–	–	–	105,868	240,162	0.00390
Roger Francis Bayliss	–	–	–	–	60,400	60,400	0.00098
Margaret Cheng Wai-ching	133,371	–	–	–	99,802	233,173	0.00379
Dr Peter Ronald Ewen	99	–	–	–	89,368	89,467	0.00145
Herbert Hui Leung-wah	57,108	2,233 (Note 6)	–	–	93,434	152,775	0.00248
Dr Tony Lee Kar-yun	40,605	–	–	47,500	34,168	122,273	0.00199
Gillian Elizabeth Meller	123,357	–	–	–	91,734	215,091	0.00349
David Tang Chi-fai	211,084	–	–	–	98,885	309,969	0.00503
Jeny Yeung Mei-chun	681,886	–	–	–	99,784	781,670	0.01269

### Notes

As at 30 June 2020,

- The 1,675 shares were held by Dr Pamela Chan Wong Shui's spouse.
- The 2,000 shares were held by Mr Cheng Yan-kee's spouse.
- 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.
- The 8,058 shares were held by Mr Mak Shing-cheung's spouse.
- The 1,675 shares were held by Dr Raymond So Wai-man's spouse.
- The 2,233 shares were held by Mr Herbert Hui Leung-wah's spouse.

<sup>#</sup> Details of the share options and award shares are set out in the sections headed "2007 Share Option Scheme" and "Executive Share Incentive Scheme" respectively on pages 44 to 46

\* Interests as beneficial owner

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

<sup>Δ</sup> The Company's total number of voting shares in issue as at 30 June 2020 was 6,159,658,911

Save as disclosed above and in the sections headed “2007 Share Option Scheme” and “Executive Share Incentive Scheme”:

- A as at 30 June 2020, no Member of the Board or the Executive Directorate of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO); and
- B during the six months ended 30 June 2020, no Member of the Board or the Executive Directorate of the Company 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 2020 as recorded in the register kept by the Company under section 336 of the SFO:

Name	No. of ordinary shares held	Percentage of ordinary shares to all the voting shares in issue <sup>Δ</sup>
The Financial Secretary Incorporated (“FSI”) (in trust on behalf of Government)	4,634,173,932	75.23%

<sup>Δ</sup> The Company's total number of voting shares in issue as at 30 June 2020 was 6,159,658,911

The Company has been informed by the Hong Kong Monetary Authority that, as at 30 June 2020, approximately 0.33% 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 2020, 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 months ended 30 June 2020 are set out below:

Members of the 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 2020	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 2020	Weighted average closing price of shares immediately before the date(s) on which options were exercised (HK\$)
Adi Lau Tin-shing	30/5/2014	80,000	23/5/2015 – 23/5/2021	26,000	–	–	26,000	28.65	–	42.50
Dr Tony Lee Kar-yun	30/5/2014	71,500	23/5/2015 – 23/5/2021	47,500	–	–	–	28.65	47,500	–
Other eligible employees	6/5/2013	20,331,500	26/4/2014 – 26/4/2020	1,385,500	–	–	1,385,500	31.40	–	42.08
	30/5/2014	19,812,500	23/5/2015 – 23/5/2021	3,450,000	–	–	298,500	28.65	3,151,500	41.77

### 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.

## EXECUTIVE SHARE INCENTIVE SCHEME

The Company adopted the Executive Share Incentive Scheme on 15 August 2014. The purposes of the Executive 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 Executive Share Incentive Scheme as award holders in accordance with the rules of the Executive Share Incentive Scheme. An award holder may be granted an award of Restricted Shares and/or Performance Shares (together, the "Award Shares").

Restricted Shares are awarded to selective eligible employees and vested ratably over three years in equal tranches (unless otherwise determined by the Remuneration Committee). Performance Shares are awarded to eligible employees generally on a three-year performance cycle ("Performance Period"), subject to review and approval by the Remuneration Committee from time to time. The vesting of the Performance Shares is subject to the performance of the Company, assessed by reference to certain pre-determined performance metrics approved by the Board for the relevant Performance Period and such other performance conditions as determined by the Remuneration Committee from time to time.

The Award Shares to be granted under the Executive Share Incentive Scheme are issued 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 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.

As part of the overall governance of the Executive Share Incentive Scheme, the Company reviews the scheme features on a regular basis to ensure continued relevance and effectiveness.

The maximum number of Award Shares that may at any time be the subject of an outstanding award granted under the Executive 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 Executive Share Incentive Scheme (the "Effective Date").

For the six months ended 30 June 2020, a total of 2,341,700 Award Shares (2019: 2,306,800 Award Shares) were awarded under the Executive Share Incentive Scheme. As at 30 June 2020, a total of 5,961,235 Award Shares (2019: 5,821,942 Award Shares) were neither vested, lapsed nor had been forfeited, representing 0.10% of the issued ordinary shares of the Company (2019: 0.10%) as at the Effective Date.

The particulars of the Award Shares granted are as follows:

Members of the Executive Directorate and eligible employees	Date of award	Types of Award Shares granted		Award Shares outstanding as at 1 January 2020	Award Shares vested during the period	Award Shares lapsed and/or forfeited during the period	Award Shares outstanding as at 30 June 2020
		Restricted Shares	Performance Shares				
Dr Jacob Kam Chak-pui	10/4/2017	22,050	–	7,350	7,350	–	–
	10/4/2018	25,550	50,450	67,484	8,516	–	58,968
	1/4/2019	120,000	–	120,000	–	–	120,000
	8/4/2019	47,400	91,750	139,150	15,800	–	123,350
	8/4/2020	89,300	–	–	–	–	89,300
Adi Lau Tin-shing	10/4/2017	17,700	25,050	5,900	5,900	–	–
	10/4/2018	16,450	50,450	61,417	5,483	–	55,934
	8/4/2019	16,250	–	16,250	5,416	–	10,834
	8/4/2020	39,100	–	–	–	–	39,100
Roger Francis Bayliss	8/4/2019	–	30,150	30,150	–	–	30,150
	8/4/2020	30,250	–	–	–	–	30,250
Margaret Cheng Wai-ching	10/4/2017	16,950	30,400	5,650	5,650	–	–
	10/4/2018	17,600	50,450	62,184	5,866	–	56,318
	8/4/2019	16,550	–	16,550	5,516	–	11,034
	8/4/2020	32,450	–	–	–	–	32,450
Dr Peter Ronald Ewen	10/4/2017	15,050	–	5,018	5,018	–	–
	10/4/2018	12,250	50,450	58,617	4,083	–	54,534
	8/4/2019	12,500	–	12,500	4,166	–	8,334
	8/4/2020	26,500	–	–	–	–	26,500
Herbert Hui Leung-wah	10/4/2017	15,200	30,400	5,068	5,068	–	–
	10/4/2018	14,200	50,450	59,917	4,733	–	55,184
	8/4/2019	13,800	–	13,800	4,600	–	9,200
	8/4/2020	29,050	–	–	–	–	29,050
Dr Tony Lee Kar-yun	10/4/2017	6,800	–	2,268	2,268	–	–
	10/4/2018	7,900	10,500	15,767	2,633	–	13,134
	8/4/2019	8,300	–	8,300	2,766	–	5,534
	8/4/2020	15,500	–	–	–	–	15,500
Gillian Elizabeth Meller	10/4/2017	16,200	–	5,400	5,400	–	–
	10/4/2018	16,050	50,450	61,150	5,350	–	55,800
	8/4/2019	13,400	–	13,400	4,466	–	8,934
	8/4/2020	27,000	–	–	–	–	27,000

## CORPORATE GOVERNANCE AND OTHER INFORMATION

Members of the Executive Directorate and eligible employees	Date of award	Types of Award Shares granted		Award Shares outstanding as at 1 January 2020	Award Shares vested during the period	Award Shares lapsed and/or forfeited during the period	Award Shares outstanding as at 30 June 2020
		Restricted Shares	Performance Shares				
David Tang Chi-fai	10/4/2017	17,250	–	5,750	5,750	–	–
	10/4/2018	16,850	50,450	61,684	5,616	–	56,068
	8/4/2019	17,200	–	17,200	5,733	–	11,467
	8/4/2020	31,350	–	–	–	–	31,350
Jeny Yeung Mei-chun	10/4/2017	17,700	–	5,900	5,900	–	–
	10/4/2018	17,350	50,450	62,017	5,783	–	56,234
	8/4/2019	16,350	–	16,350	5,450	–	10,900
	8/4/2020	32,650	–	–	–	–	32,650
Other eligible employees	10/4/2017	2,100,300	26,350	547,682	538,582	9,100	–
	10/4/2018	2,144,750	1,358,800	2,314,805	571,877	116,408	1,626,520
	8/4/2019	1,780,400	122,750	1,835,300	584,478	56,168	1,194,654
	8/4/2020	1,981,600	6,950	–	10,450	3,100	1,975,000

## 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 2020. However, the Trustee of the Executive Share Incentive Scheme, pursuant to the terms of the rules and the trust deed of the Executive Share Incentive Scheme, purchased on the HKSE a total of 2,020,000 ordinary shares of the Company for a total consideration of approximately HK\$86 million during the same period (2019: HK\$88 million).

## LOAN AGREEMENTS WITH COVENANT RELATING TO SPECIFIC PERFORMANCE OF THE CONTROLLING SHAREHOLDER

As at 30 June 2020, the Group had borrowings of HK\$37,079 million (2019: HK\$30,096 million) with maturities ranging from 2020 to 2055 and undrawn committed banking facilities of HK\$8,504 million (2019: HK\$6,271 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

For the purpose of ascertaining the Company's shareholders' entitlement to the 2020 interim dividend, the Register of Members of the Company was closed from 21 August 2020 to 26 August 2020 (both dates inclusive), during which time no transfers of shares in the Company were effected. To qualify for the 2020 interim dividend, all completed transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on 20 August 2020 (Hong Kong time). The 2020 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 9 October 2020 to shareholders whose names appeared on the Register of Members of the Company as at the close of business on 26 August 2020.