

# 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 12 August 2021)

	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>							
Dr 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 (Rosanna Law Shuk-pui)		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				
Hui Siu-wai					M	M	
Dr Rose Lee Wai-mun		M				M	
Jimmy Ng Wing-ka					M		M
Benjamin Tang Kwok-bun				M		M	
Adrian Wong Koon-man		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 – Mainland China Business and Global Operations Standards)	M						
Roger Francis Bayliss (Capital Works Director)	M						
Margaret Cheng Wai-ching (Human Resources Director)	M						M
Linda Choy Siu-min (Corporate Affairs and Branding Director)	M						
Herbert Hui Leung-wah (Finance Director)	M						
Dr Tony Lee Kar-yun (Operations Director)	M						
Gillian Elizabeth Meller (Legal and Governance Director)	M						M
David Tang Chi-fai (Property and International Business Director)	M						
Jeny Yeung Mei-chun (Hong Kong Transport Services Director)	M						

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

Strong governance is critical for the Company in achieving its vision and fulfilling its purpose, and doing so in a way that delivers long term sustainable value for all of its stakeholders. 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.

## CORPORATE GOVERNANCE CODE COMPLIANCE

During the six months ended 30 June 2021, 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 has been launched featuring animation videos and interactive games with real life examples to help staff members better understand the principles of the Code and if certain acts are unlawful or unacceptable. A total of four modules under the themes of Outside Work, Workplace Harassment, Proper Use of Departmental Funds and Use of Social Media have been launched from July 2020 to April 2021. Other education programmes, including seminars and mandatory online training programmes have also been introduced to raise staff awareness.

Staff members are encouraged to report existing or perceived violations of the Code of Conduct as well as malpractices. Proper procedures related to the whistleblowing 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 online training 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, Macao, 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 2021.

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.

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 2021 TO 12 AUGUST 2021

### Changes in Composition of the Board

1. Mr James Kwan Yuk-choi retired as an INED and ceased to be a member of each of the Capital Works Committee and the Risk Committee of the Company, all with effect from the conclusion of the Company's Annual General Meeting held on 26 May 2021 (the "2021 AGM").
2. Mrs Lucia Li Li Ka-lai retired as an INED and ceased to be a member of each of the Audit Committee and the Nominations Committee of the Company, all with effect from the conclusion of the 2021 AGM.
3. Mr Hui Siu-wai was elected as a Member of the Board and became an INED with effect from the conclusion of the 2021 AGM, and was appointed by the Board as a member of each of the Capital Works Committee and the Risk Committee of the Company with effect from the same date.
4. Mr Adrian Wong Koon-man was elected as a Member of the Board and became an INED with effect from the conclusion of the 2021 AGM, and was appointed by

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the Board as a member of each of the Audit Committee and the Nominations Committee of the Company with effect from the same date.

### Changes of Alternate Directors

- Ms Alice Lau Yim ceased to be an Alternate Director to Mr Christopher Hui Ching-yu (Secretary for Financial Services and the Treasury), a NED, with effect from 26 July 2021.
- Miss Cathy Chu Man-ling (Permanent Secretary for Financial Services and the Treasury (Treasury)) was appointed by Mr Christopher Hui Ching-yu, a NED, as his Alternate Director with effect from 9 August 2021.

### Changes in Composition of the Executive Directorate

- In early 2021, the Board has undertaken a review of the Company's corporate strategy, with a view to ensuring the sustainable growth of the Company in the future and the continued delivery of high quality public transport and property services to its customers in Hong Kong and in the other cities in which it operates (the "New Strategy"). To support the implementation of the New Strategy, the following new management organisation has been put in place by phases with the intention of clarifying accountability for the delivery of the New Strategy and strengthening the Company's internal control and risk management framework:
  - Mr David Tang Chi-fai was appointed as the Property and International Business Director and ceased to be the Property and Australian Business Director of the Company, both with effect from 22 February 2021.

- Mr Roger Francis Bayliss was appointed as the Capital Works Director and ceased to be the Projects Director of the Company, both with effect from 22 February 2021.
- Ms Gillian Elizabeth Meller was appointed as the Legal and Governance Director and ceased to be the Legal and European Business Director of the Company, both with effect from 22 February 2021.
- Mr Adi Lau Tin-shing was appointed as the Managing Director – Mainland China Business and Global Operations Standards and ceased to be the Managing Director – Operations and Mainland Business of the Company, both with effect from 1 July 2021.
- Ms Jeny Yeung Mei-chun was appointed as the Hong Kong Transport Services Director and ceased to be the Commercial Director of the Company, both with effect from 1 July 2021.
- Ms Linda Choy Siu-min was appointed as the Corporate Affairs and Branding Director and ceased to be the Corporate Affairs Director of the Company, both with effect from 1 July 2021.
- Ms Meller was appointed as a member of the Corporate Responsibility Committee of the Company and Ms Choy ceased to be a member of the Corporate Responsibility Committee of the Company, both with effect from 6 July 2021.

- Dr Peter Ronald Ewen retired as the Engineering Director and ceased to be a Member of the Executive Directorate of the Company, both upon the completion of his service agreement with the Company immediately after 21 February 2021.

### Changes in Information of Directors

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

#### Changes in Biographical Details

Name	Change(s)	Nature and Effective Date of Change(s)
Dr Bunny Chan Chung-bun	Council for Sustainable Development (Hong Kong) • Member Kowloon Federation of Associations • President	Cessation (1 March 2021) Cessation (May 2021)
Dr Dorothy Chan Yuen Tak-fai	Grand Bauhinia Medal awarded by the Chief Executive of the Hong Kong Special Administrative Region (the "HKSAR")	Award (1 July 2021)
Cheng Yan-kee	The Chartered Institute of Logistics and Transport • Advisor to the Council of Trustees Advisory Committee on Post-office Employment for Former Chief Executives and Politically Appointed Officials (Hong Kong) • Member	Appointment (9 June 2021) Appointment (1 July 2021)
Dr Anthony Chow Wing-kin	Beijing North Star Company Limited • Independent Non-executive Director	Appointment (13 May 2021)
Dr Rose Lee Wai-mun	The Hang Seng University of Hong Kong • Doctorate of Social Science, <i>honoris causa</i>	Conferment (2021)
Lam Sai-hung	Gold Bauhinia Star medal awarded by the Chief Executive of the HKSAR	Award (1 July 2021)
Jimmy Ng Wing-ka	Independent Police Complaints Council (Hong Kong) • Vice-Chairman Trade and Industry Department (Hong Kong) • Member of the Small and Medium Enterprises Committee Mandatory Provident Fund Schemes Authority (Hong Kong) • Non-executive Director	Appointment (1 January 2021) Cessation (1 January 2021) Appointment (17 March 2021)

Name	Change(s)	Nature and Effective Date of Change(s)
Dr Jacob Kam Chak-pui	International Association of Public Transport ("UITP") • Chairman of the Regional and Suburban Railways Division	Cessation (19 June 2021)
	Justice of the Peace (Hong Kong)	Appointment (1 July 2021)
Adi Lau Tin-shing	UITP • Senior Vice President of the Asia-Pacific Division • Vice President of the Asia-Pacific Committee	Appointment (19 June 2021) Cessation (19 June 2021)
Margaret Cheng Wai-ching	Employees Retraining Board (Hong Kong) • Member • Honorary Advisor of the ERB Manpower Developer Award Scheme	Appointment (1 April 2021) Cessation (20 April 2021)
	The Standing Committee on Directorate Salaries and Conditions of Service (Hong Kong) • Member	Appointment (1 April 2021)
	Justice of the Peace (Hong Kong)	Appointment (1 July 2021)
Linda Choy Siu-min	Community Involvement Committee on Greening (Hong Kong) • Non-official Member	Appointment (1 March 2021)
Dr Tony Lee Kar-yun	The Hong Kong Institution of Engineers • Member of the Electrical Discipline Advisory Panel	Cessation (1 July 2021)
	The University of Hong Kong • Member of the Advisory Committee of the Department of Electrical and Electronic Engineering	Appointment (13 July 2021)
David Tang Chi-fai	Octopus Holdings Limited and two members of the Octopus Holdings Limited group • Director and Alternate Director	Cessation (1 March 2021)
Jeny Yeung Mei-chun	Octopus Holdings Limited and two members of the Octopus Holdings Limited group • Director	Appointment (1 March 2021)
	The Hong Kong Housing Authority • Non-official Member of the Commercial Properties Committee	Appointment (1 April 2021)
	The Hong Kong Management Association • Member of the Marketing Management Committee	Cessation (8 July 2021)
	Hong Kong Trade Development Council • Member of the Infrastructure Development Advisory Committee	Cessation (14 July 2021)

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

## 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 Mr Hui Siu-wai and Mr Adrian Wong Koon-man, the new Members of the Board; and Miss Cathy Chu Man-ling, the new 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 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 four meetings (three Regular Meetings and one Special Meeting) during the six months ended 30 June 2021.

### Regular Meetings

At the 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 Strategy:
  - Receipt of progress report on the corporate transformation programme;
- Corporate Governance matters, including:
  - Annual review of the structure, size and composition of the Board and its corporate governance functions for 2020; annual assessment of (i) the independence of the INEDs; and (ii) the effectiveness of the Company's risk management and internal control systems for 2020;

- Recommendation of the appointment of new Members of the Board, re-election of retiring Members of the Board, and amendments to the Company's Articles of Association for approval by shareholders at the 2021 AGM;
- Approval of changes to the composition of Board Committees and annual update to the Directors' Manual; and
- Receipt and consideration of reports from Management on key matters such as corporate safety, enterprise risk management and sustainability;
- Operations:
  - Review of 2020 train service performance;
  - Receipt of a report on the performance of the East Rail Line's new Signalling System and Mixed Fleet Operations; and
  - Approval of agreements relating to the operation of Tuen Ma Line Phase 2;
- Projects:
  - Approval of budget for the design consultancy, advance investigation works and project management cost for the Northern Link project;
- Mainland of China and International Business:
  - Receipt of business updates on Macao, Mainland of China and International Businesses;
- Property:
  - Approval of tender arrangements for property developments in Hong Kong; and
  - Receipt of update on the Siu Ho Wan Depot property development and approval of the related budget for the detailed design, advance works design and project management cost;
- Commercial and Marketing:
  - Approval of the Company's fare adjustment principles in 2021 under the Fare Adjustment Mechanism (the "FAM"); and
  - Approval of the Company's fares proposal for 2021 under the FAM;
- Financial:
  - Review and approval of 2020 Annual Report and Accounts; and
  - Receipt of regular updates on the financial impact of the Coronavirus Disease 2019 ("COVID-19").

### Special Meeting

One Special Meeting was held to consider matters, including a further capital injection into an international business as a result of the impact of COVID-19 on that business and the approval of the Company's participation in the tender for a property development site in Hong Kong.

## COMMUNICATION WITH SHAREHOLDERS

### Annual General Meeting

The Company's 2021 AGM was held on 26 May 2021. The Chairman continued his practice of proposing separate resolutions for each substantially separate matter.

A total of 12 resolutions were passed at the 2021 AGM (with resolution no. 3 comprising four separate resolutions), each supported by over 99% of the votes cast. The full text of the resolutions is set out in the 2021 AGM Circular (which comprised the Notice of the 2021 AGM) dated 16 April 2021.

All resolutions at the 2021 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 2021 AGM.

In light of the continuing COVID-19 pandemic and the Prevention and Control of Disease (Prohibition on Group Gathering) Regulation (Cap. 599G of the Laws of Hong Kong), the Company continued to implement a number of precautionary measures for the 2021 AGM, including restricting the number of shareholders who could physically attend the 2021 AGM through pre-registration and requiring submission of questions in advance of the 2021 AGM. For the benefit of the Company's shareholders who were unable to physically attend the 2021 AGM, the Company arranged a live webcast of the AGM with choices of language (Cantonese, English and Putonghua). A webcast of the whole proceedings was also posted on the Company's website for viewing.

## CONSTITUTIONAL DOCUMENT

With a view to meeting its obligations to safeguard the health and safety of shareholders attending general meetings while, at the same time, protecting shareholders' fundamental rights to attend such meetings, ask questions and vote, certain amendments to the Company's Articles of Association were proposed to and approved by shareholders at the 2021 AGM, including (i) providing greater flexibility for the Company in holding general meetings as hybrid meetings and conducting general meetings at more than one location where shareholders of the Company can participate using electronic facilities, in addition to/instead of attending physically; (ii) empowering the Board and the chairman of general meetings to make necessary arrangements for managing shareholders' attendance and/or participation and/or voting at general meetings; (iii) simplifying the calculation of the relevant value of scrip dividends under the Company's scrip dividend scheme in force from time to time; (iv) providing additional means for directors to approve written resolutions; and (v) making housekeeping amendments to align the Company's Articles of Association with the Companies Ordinance. The approved and adopted Articles of Association of the Company (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.

## DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2021, 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	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>	Personal interests*	Personal interests*		
Dr Jacob Kam Chak-pui	465,038	–	–	447,884	912,922	0.01476
Dr Pamela Chan Wong Shui	9,072	1,675 (Note)	–	–	10,747	0.00017
Cheng Yan-kee	–	2,000 (Note)	–	–	2,000	0.00003
Dr Rose Lee Wai-mun	3,350	–	–	–	3,350	0.00005
Adrian Wong Koon-man	–	558 (Note)	–	–	558	0.00001
Alice Lau Yim	1,116	–	–	–	1,116	0.00002
Maurice Loo Kam-wah	588	–	–	–	588	0.00001
Mak Shing-cheung	558	8,058 (Note)	–	–	8,616	0.00014
Dr Raymond So Wai-man	–	1,675 (Note)	–	–	1,675	0.00003
Adi Lau Tin-shing	197,380	–	–	99,035	296,415	0.00479
Roger Francis Bayliss	30,886	–	–	83,067	113,953	0.00184
Margaret Cheng Wai-ching	190,381	–	–	92,452	282,833	0.00457
Linda Choy Siu-min	–	–	–	61,350	61,350	0.00099
Herbert Hui Leung-wah	110,936	2,233 (Note)	–	87,417	200,586	0.00324
Dr Tony Lee Kar-yun	107,221	–	–	74,502	181,723	0.00294
Gillian Elizabeth Meller	180,973	–	–	84,568	265,541	0.00429
David Tang Chi-fai	267,695	–	–	91,684	359,379	0.00581
Jeny Yeung Mei-chun	738,813	–	–	92,267	831,080	0.01344

Note: As at 30 June 2021, these shares were held by the Director's spouse.

# Details of the award shares are set out in the section headed "Executive Share Incentive Scheme" on pages 42 to 44

\* Interests as beneficial owner

† Interests of spouse or child under 18 as beneficial owner

Δ The Company's total number of voting shares in issue as at 30 June 2021 was 6,183,275,373

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

- A as at 30 June 2021, 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 2021, 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 2021 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	74.95%

Δ The Company's total number of voting shares in issue as at 30 June 2021 was 6,183,275,373

The Company has been informed by the Hong Kong Monetary Authority that, as at 30 June 2021, approximately 0.28% 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 2021, 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 2021 are set out below:

Member of the Executive Directorate and eligible employees	Date granted	Options granted (Notes 1 to 4)	Period during which rights exercisable (day/month/year)	Options outstanding as at 1 January 2021	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 2021 (Note 4)	Weighted average closing price of shares immediately before the date(s) on which options were exercised (HK\$)
Dr Tony Lee Kar-yun	30/5/2014	71,500	23/5/2015 – 23/5/2021	47,500	–	–	47,500	28.65	–	43.95
Other eligible employees	30/5/2014	19,812,500	23/5/2015 – 23/5/2021	2,300,000	–	–	2,300,000	28.65	–	44.41

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.
- 4 All share options granted under the 2007 Share Option Scheme have either been exercised or lapsed as at 30 June 2021.

## EXECUTIVE SHARE INCENTIVE SCHEME

The Company adopted the Executive Share Incentive Scheme with effect from 1 January 2015 ("Effective Date") for a term of ten years. 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 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 the Effective Date and the maximum number of award shares that may be granted to a single eligible employee in the 12-month period up to the relevant award date shall be 0.03% of the number of issued ordinary shares of the Company on the relevant award date.

In general, the Company will pay to the third party trustee (currently Computershare Hong Kong Trustees Limited) (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.

Further details on the operation of the Executive Share Incentive Scheme are set out in the section headed "Long-Term Incentives" under the Remuneration Committee Report (pages 135 to 136) and notes 11C and 41(ii) to the Consolidated Accounts of the Company's 2020 Annual Report ([www.mtr.com.hk](http://www.mtr.com.hk)).

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 (Note 1)		Award shares outstanding as at 1 January 2021	Award shares vested during the period	Award shares lapsed and/or forfeited during the period	Award shares outstanding as at 30 June 2021
		Restricted shares (Note 2)	Performance shares (Note 3)				
Dr Jacob Kam Chak-pui	10/4/2018	25,550	50,450	58,968	43,328	15,640	-
	1/4/2019	120,000	-	120,000	-	-	120,000
	8/4/2019	47,400	91,750	123,350	79,107	28,443	15,800
	8/4/2020	89,300	-	89,300	29,766	-	59,534
	8/4/2021	52,750	199,800	-	-	-	252,550
Adi Lau Tin-shing	10/4/2018	16,450	50,450	55,934	40,294	15,640	-
	8/4/2019	16,250	-	10,834	5,416	-	5,418
	8/4/2020	39,100	-	39,100	13,033	-	26,067
	8/4/2021	19,700	47,850	-	-	-	67,550
Roger Francis Bayliss	8/4/2019	-	30,150	30,150	20,803	9,347	-
	8/4/2020	30,250	-	30,250	10,083	-	20,167
	8/4/2021	15,050	47,850	-	-	-	62,900
Margaret Cheng Wai-ching	10/4/2018	17,600	50,450	56,318	40,678	15,640	-
	8/4/2019	16,550	-	11,034	5,516	-	5,518
	8/4/2020	32,450	-	32,450	10,816	-	21,634
	8/4/2021	17,450	47,850	-	-	-	65,300
Linda Choy Siu-min	8/4/2021	13,500	47,850	-	-	-	61,350
Herbert Hui Leung-wah	10/4/2018	14,200	50,450	55,184	39,544	15,640	-
	8/4/2019	13,800	-	9,200	4,600	-	4,600
	8/4/2020	29,050	-	29,050	9,683	-	19,367
	8/4/2021	15,600	47,850	-	-	-	63,450
Dr Tony Lee Kar-yun	10/4/2018	7,900	10,500	13,134	9,879	3,255	-
	8/4/2019	8,300	-	5,534	2,766	-	2,768
	8/4/2020	15,500	-	15,500	5,166	-	10,334
	8/4/2021	13,550	47,850	-	-	-	61,400
Gillian Elizabeth Meller	10/4/2018	16,050	50,450	55,800	40,160	15,640	-
	8/4/2019	13,400	-	8,934	4,466	-	4,468
	8/4/2020	27,000	-	27,000	9,000	-	18,000
	8/4/2021	14,250	47,850	-	-	-	62,100
David Tang Chi-fai	10/4/2018	16,850	50,450	56,068	40,428	15,640	-
	8/4/2019	17,200	-	11,467	5,733	-	5,734
	8/4/2020	31,350	-	31,350	10,450	-	20,900
	8/4/2021	17,200	47,850	-	-	-	65,050



## CORPORATE GOVERNANCE AND OTHER INFORMATION

Members of the Executive Directorate and eligible employees	Date of award	Types of award shares granted (Note 1)		Award shares outstanding as at 1 January 2021	Award shares vested during the period	Award shares lapsed and/or forfeited during the period	Award shares outstanding as at 30 June 2021
		Restricted shares (Note 2)	Performance shares (Note 3)				
Jeny Yeung Mei-chun	10/4/2018	17,350	50,450	56,234	40,594	15,640	–
	8/4/2019	16,350	–	10,900	5,450	–	5,450
	8/4/2020	32,650	–	32,650	10,883	–	21,767
	8/4/2021	17,200	47,850	–	–	–	65,050
Dr Peter Ronald Ewen (Retired on 22 February 2021)	10/4/2018	12,250	50,450	54,534	38,894	15,640	–
	8/4/2019	12,500	–	8,334	8,334	–	–
	8/4/2020	26,500	–	26,500	26,500	–	–
Other eligible employees	10/4/2018	2,064,750	1,358,800	1,575,316	1,115,615	459,701	–
	8/4/2019	1,780,400	122,750	1,126,878	587,711	47,495	491,672
	8/4/2020	1,981,600	6,950	1,866,350	635,991	33,208	1,197,151
	8/4/2021	1,759,700	927,600	–	3,650	20,800	2,662,850

### Notes:

- The award shares to be granted under the Executive Share Incentive Scheme are issued ordinary shares of the Company.*
- Restricted shares are awarded to selective eligible employees and vest over three years in equal tranches (unless otherwise determined by the Remuneration Committee of the Company).*
- Performance shares are awarded to eligible employees and generally vest over a three-year performance cycle, subject to review and approval by the Remuneration Committee of the Company from time to time.*

## 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 2021. 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 2,650,000 ordinary shares of the Company for a total consideration of approximately HK\$116 million during the same period (2020: HK\$86 million).

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

As at 30 June 2021, the Group had a note outstanding of HK\$500 million (2020: note outstanding of HK\$26,829 million and bank loan outstanding of HK\$10,250 million) with a maturity in 2022 and no undrawn committed banking facility (2020: HK\$8,504 million), which was 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 redemption of the note being demanded.

## CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining the Company's shareholders' entitlement to the 2021 interim dividend, the Register of Members of the Company was closed from 27 August 2021 to 1 September 2021 (both dates inclusive), during which time no transfers of shares in the Company were effected. To qualify for the 2021 interim dividend, all completed transfer documents, accompanied by the relevant share certificates, must be lodged for registration 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 26 August 2021 (Hong Kong time). The 2021 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 19 October 2021 to shareholders whose names appeared on the Register of Members of the Company as at the close of business on 1 September 2021.