



Hong Kong Exchanges and Clearing: **0066**

ISIN: **HK0066009694**

MEETING DATE: 17 MAY 2017

RECORD DATE: 10 MAY 2017

PUBLISH DATE: 20 APRIL 2017

INDEX MEMBERSHIP: HANG SENG COMPOSITE; HANG SENG;
 DJSI WORLD; HANG SENG COMPOSITE
 LARGE CAP INDEX; DJSI AP

SECTOR: INDUSTRIALS

INDUSTRY: ROAD AND RAIL

COUNTRY OF TRADE: HONG KONG

COUNTRY OF INCORPORATION: HONG KONG

VOTING IMPEDIMENT: NONE

DISCLOSURES: REFER TO APPENDIX REGARDING
 ENGAGEMENT

COMPANY DESCRIPTION

MTR Corporation Limited designs, constructs, operates, maintains, and invests railways in Hong Kong, the Mainland China, and internationally.

OWNERSHIP	ESG PROFILE	REMUNERATION	VOTE RESULTS	APPENDIX
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2017 ANNUAL MEETING

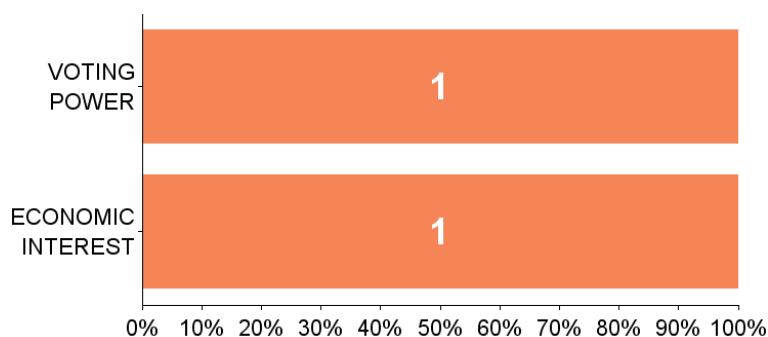
PROPOSAL	ISSUE	BOARD	GLASS LEWIS	CONCERNS
1.00	Accounts and Reports	FOR	FOR	
2.00	Allocation of Profits/Dividends	FOR	FOR	
3.00	Election of Directors	FOR	SPLIT	
3.01	Elect Frederick Ma Si-hang	FOR	FOR	
3.02	Elect Pamela Chan Wong Shui	FOR	FOR	
3.03	Elect Dorothy Chan Yuen Tak-fai	FOR	FOR	
3.04	Elect Alasdair George Morrison	FOR	FOR	
3.05	Elect Abraham SHEK Lai Him	FOR	AGAINST	• Overboarded
4.00	Elect Andrew Clifford Winawer Brandler	FOR	FOR	
5.00	Elect Johannes ZHOU Yuan	FOR	FOR	
6.00	Appointment of Auditor and Authority to Set Fees	FOR	FOR	
7.00	Authority to Issue Shares w/o Preemptive Rights	FOR	FOR	
8.00	Authority to Repurchase Shares	FOR	FOR	

SHARE OWNERSHIP PROFILE

SHARE BREAKDOWN

	1
SHARE CLASS	Ordinary Shares
SHARES OUTSTANDING	5,905.7 M
VOTES PER SHARE	1
INSIDE OWNERSHIP	0.40%
STRATEGIC OWNERS**	75.50%
FREE FLOAT	24.50%

SOURCE CAPITAL IQ AND GLASS LEWIS. AS OF 23-MAR-2017



TOP 20 SHAREHOLDERS

	HOLDER	OWNED*	COUNTRY	INVESTOR TYPE
1.	Government of Hong Kong	75.09%	Hong Kong	Government Institution
2.	BlackRock, Inc.	0.70%	United States	Traditional Investment Manager
3.	Aberdeen Asset Management PLC	0.58%	United Kingdom	Traditional Investment Manager
4.	The Vanguard Group, Inc.	0.50%	United States	Traditional Investment Manager
5.	Capital Research and Management Company	0.46%	United States	Traditional Investment Manager
6.	Parry, Cameron John	0.40%	N/A	Individuals/Insiders
7.	State Street Global Advisors, Inc.	0.36%	United States	Traditional Investment Manager
8.	Norges Bank Investment Management	0.27%	Norway	Government Pension Plan Sponsor
9.	Hang Seng Investment Management Limited	0.15%	Hong Kong	Traditional Investment Manager
10.	TD Asset Management, Inc.	0.15%	Canada	Traditional Investment Manager
11.	Colonial First State Asset Management (Australia) Limited	0.12%	Australia	Traditional Investment Manager
12.	Teachers Insurance and Annuity Association of America - College Retirement Equities Fund	0.09%	United States	Traditional Investment Manager
13.	Deutsche Asset & Wealth Management	0.08%	United States	Traditional Investment Manager
14.	Dimensional Fund Advisors LP	0.05%	United States	Traditional Investment Manager
15.	British Columbia Investment Management Corporation	0.05%	Canada	Traditional Investment Manager
16.	Geode Capital Management, LLC	0.04%	United States	Traditional Investment Manager
17.	Capfi Delen Asset Management NV	0.04%	Belgium	Traditional Investment Manager
18.	City National Rochdale, LLC	0.04%	United States	Traditional Investment Manager
19.	HSBC Global Asset Management (UK) Limited	0.04%	United Kingdom	Traditional Investment Manager
20.	Desjardins Global Asset Management Inc.	0.04%	Canada	Traditional Investment Manager

*COMMON STOCK EQUIVALENTS (AGGREGATE ECONOMIC INTEREST) SOURCE: CAPITAL IQ. AS OF 23-MAR-2017

**CAPITAL IQ DEFINES STRATEGIC SHAREHOLDER AS A PUBLIC OR PRIVATE CORPORATION, INDIVIDUAL/INSIDER, COMPANY CONTROLLED FOUNDATION, ESOP OR STATE OWNED SHARES OR ANY HEDGE FUND MANAGERS, VC/PE FIRMS OR SOVEREIGN WEALTH FUNDS WITH A STAKE GREATER THAN 5%.

SHAREHOLDER RIGHTS

	MARKET THRESHOLD	COMPANY THRESHOLD ¹
VOTING POWER REQUIRED TO CALL A SPECIAL MEETING	5.0%	5.0%
VOTING POWER REQUIRED TO ADD AGENDA ITEM	5.0%	5.0%

¹N/A INDICATES THAT THE COMPANY DOES NOT PROVIDE THE CORRESPONDING SHAREHOLDER RIGHT.

ENVIRONMENTAL, SOCIAL & GOVERNANCE PROFILE

OVERALL ESG SCORE

Leader



Comparative Industry: **Transportation**

Board oversight for ESG Issues: **No**

All data and ratings provided by:



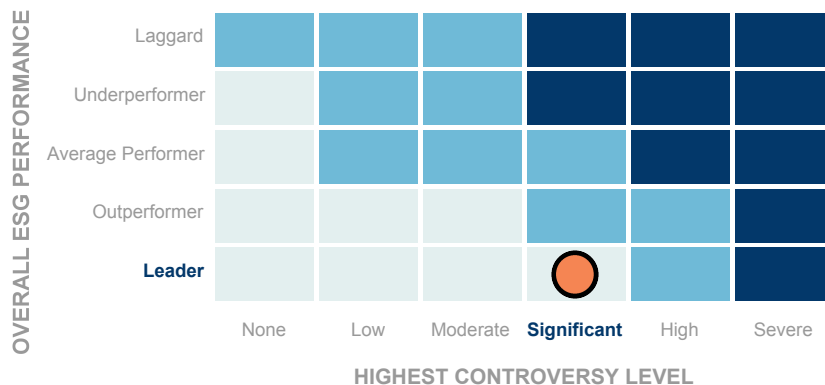
Last Update: **March 01, 2017**

ANALYST COMMENTARY

MTR Corporation Limited engages in railway operations and property management mainly in Hong Kong, having 48% share of Hong Kong's public transport market. In FY2015, total revenues increased by 3.8% to HK\$ 41.7 billion (USD 5.4 billion) owing to higher patronage in its transport services. Of the total revenues, approximately 31% came from transport operations in mainland China and international subsidiaries in the U.K., Sweden and Australia. MTR offers over 2,400 weekly train services in one of the world's most intensively used networks and thus the company is exposed to substantial risks associated with Service Quality and Safety. MTR's changing workforce demographics also entail challenges related with Human Capital to address increasing manpower needs for new projects. Furthermore, Energy Use and GHG Emissions is relevant to the company considering the impact of rail operations to environment and natural resources. Although MTR exhibits moderate ESG policies and programmes, it experienced two fatal accidents causing injuries and deaths of customers in 2011 and 2013. Hence, our assessment of the company's management of these issues is neutral.

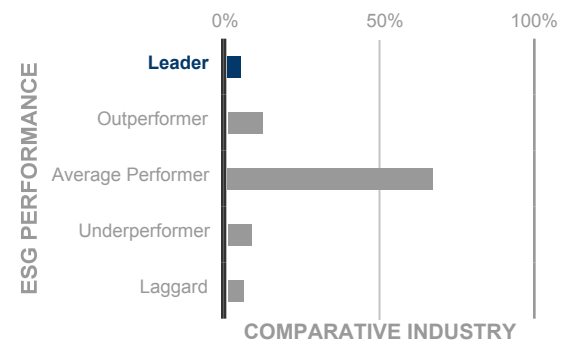
ESG RISK PROFILE

The graph below compares the Company's ESG performance to its involvement in controversies in order to provide an assessment of the Company's ESG risk profile.



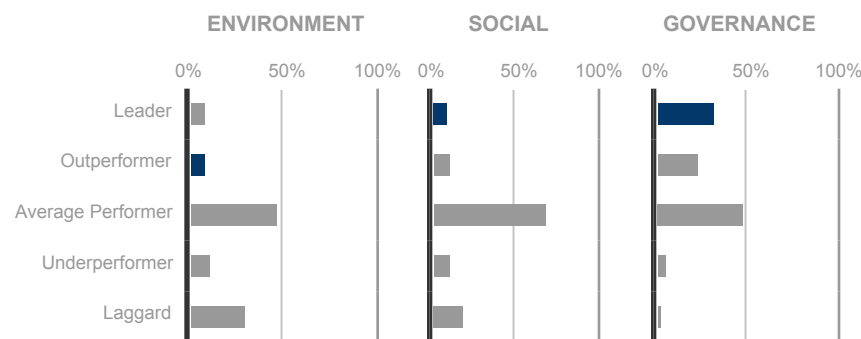
OVERALL ESG PERFORMANCE

The graph below indicates the percentage of companies in the comparative industry that fall within each ESG performance category.



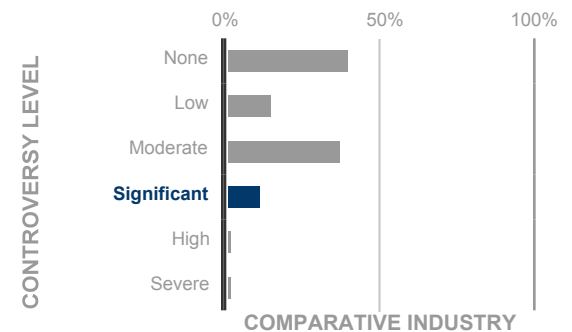
ESG PILLAR PERFORMANCE

For each pillar, the graph below indicates the percentage of companies in the comparative industry that fall within each ESG performance category. The governance pillar shown below is measured by Sustainalytics based on the Company's governance of sustainability issues.



HIGHEST CONTROVERSY LEVEL

The graph below indicates the percentage of companies in the comparative industry that fall within each controversy level.



Rows and categories shown in dark blue or bold represent the Company's category for the relevant assessment.

NOTEWORTHY CONTROVERSIES

SEVERE

Severe controversies are the most serious controversy level. They have the greatest negative impact on stakeholders and generate the greatest risk to a company's financial performance. Such controversies are highly exceptional. They indicate egregious practices and generally reflect a pattern of gross negligence, with the Company refusing to address the issue and/or concealing its involvement.

No severe controversies

HIGH

High-impact controversies are those that have major negative sustainability impacts and typically generate significant business risk to the Company. Such controversies are generally exceptions within an industry. They typically involve a pattern of negative events or impacts and indicate a lack of company preparedness to properly manage key sustainability issues.

No high controversies

SIGNIFICANT

Significant controversies have notable negative sustainability impacts and may generate business risk to the Company. Such controversies may be isolated or they may suggest a pattern, but they are generally not exceptional within an industry. However, they raise questions about whether a company's management systems are being implemented effectively and are able to address the issue in a satisfactory manner.

Customer Incidents:

- Quality and Safety

NO PRODUCT INVOLVEMENT



Adult Entertainment



Alcoholic Beverages



Arctic Drilling



Controversial Weapons



Gambling



Genetically Modified Plants & Seeds



Oil Sands



Pesticides



Thermal Coal



Tobacco

DISCLAIMER

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Please refer to the [FAQ](#) for further details about this page.

All data and ratings provided by:



PROPOSAL REQUEST: Receipt of financial statements and reports
PRIOR YEAR VOTE RESULT (FOR): 99.9%
BINDING/ADVISORY: Binding
REQUIRED TO APPROVE: Majority

RECOMMENDATIONS & CONCERNS:
FOR- No material concerns

GLASS LEWIS ANALYSIS

We believe that all of the necessary statements and reports are present in the Company's annual report. We note that in the opinion of KPMG, the Company's independent auditor, the financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance and the Hong Kong Financial Reporting Standards.

We recommend that shareholders vote **FOR** this proposal.

PROPOSAL REQUEST:	Allocation of profits for the past fiscal year	RECOMMENDATIONS & CONCERNS:
PRIOR YEAR VOTE RESULT (FOR):	99.9%	FOR- No material concerns
BINDING/ADVISORY:	Binding	
REQUIRED TO APPROVE:	Majority	

■ PROPOSAL SUMMARY

in HK\$	FY 2016	FY 2015
Interim Dividend	0.25	0.25
Final Dividend	0.82	0.81
TOTAL DIVIDENDS FOR THE YEAR	1.07	1.06
Basic Earnings Per Share (in HK\$)	1.74	2.22
DIVIDEND PAYOUT RATIO	61.5%	47.7%

■ GLASS LEWIS ANALYSIS

With limited exceptions, Glass Lewis will generally support the dividend policy proposed by a company. Here, we believe that the dividend payout is reasonable and we do not see any cause for concern in terms of the board's process in making this determination.

We recommend that shareholders vote **FOR** this proposal.

PROPOSAL REQUEST: Election of seven directors	RECOMMENDATIONS & CONCERNS:
ELECTION METHOD: Majority	AGAINST- Abraham SHEK Lai Him Serves on too many boards
	FOR- Frederick Ma Si-hang Pamela CHAN Wong Shui Dorothy CHAN Yuen Tak-fai Alasdair George Morrison Andrew Clifford Winawer Brandler Johannes ZHOU Yuan
	NOT UP- Lincoln LEONG Kwok Kuen Vincent CHENG Hoi-Chuen Less than 75% Attendance, Serves on too many boards
	Anthony CHOW Wing-Kin Eddy FONG Ching Executive attended audit committee meeting
	James KWAN Yuk Choi Kaizer LAU Ping-Cheung Lucia LI Li Ka-Lai Benjamin TANG Kwok-bun Ceajer CHAN Ka-keung Allan WONG Chi-Yun Anthony CHEUNG Bing-Leung HON Chi-Keung Ingrid YEUNG Ho-Poi Less than 75% Attendance Serves on too many boards Less than 75% Attendance Less than 75% Attendance Beneficial owner on audit committee, Insufficient audit committee independence

BOARD OF DIRECTORS

UP	NAME	AGE	GENDER	GLASS LEWIS CLASSIFICATION	COMPANY CLASSIFICATION	OWNERSHIP**	COMMITTEES			TERM START	YEARS ON BOARD
							AUDIT	REM	NOM		
	Lincoln LEONG Kwok Kuen* -CEO	56	M	Insider 1	Insider	Yes				2015	2
	Anthony CHEUNG Bing-Leung	64	M	Affiliated 2	Non-Executive	No	✓	✓		2012	5
	HON Chi-Keung	58	M	Affiliated 3	Non-Executive	No				2015	2
	Ingrid YEUNG Ho-Poi	52	F	Affiliated 4	Non-Executive	Yes	✓			2012	5
	Ceajer CHAN Ka-keung	60	M	Affiliated 5	Non-Executive	No		✓	✓	2007	10
✓	Frederick Ma Si-hang -Chair	65	M	Affiliated 6	Non-Executive	Yes		✓	✓	2013	4
	Allan WONG Chi-Yun*	66	M	Independent	Independent	No	✓			2015	2
	Eddy FONG Ching	70	M	Independent	Independent	No	C		✓	2015	2
	Vincent CHENG Hoi-Chuen*	68	M	Independent	Independent	Yes		✓		2009	8
	Lucia LI Li Ka-Lai	62	F	Independent	Independent	Yes	✓			2014	3
	Benjamin TANG Kwok-bun	65	M	Independent	Independent	No		✓		2014	3
☐	✓ Abraham SHEK Lai Him	71	M	Independent	Independent	No			C	2007	10
✓	Alasdair George Morrison	68	M	Independent	Independent	No	✓			2010	7
	Kaizer LAU Ping-Cheung	65	M	Independent	Independent	No				2015	2
✓	Andrew Clifford Winawer Brandler	60	M	Independent	Independent	No	✓			-	-
	Anthony CHOW Wing-Kin	66	M	Independent	Independent	No		✓		2016	1
✓	Pamela CHAN Wong Shui	70	F	Independent	Independent	Yes			✓	2013	4
✓	Johannes ZHOU Yuan	61	M	Independent	Independent	No	✓			-	-
✓	Dorothy CHAN Yuen Tak-fai	67	F	Independent	Independent	No		C		2013	4
	James KWAN Yuk Choi	65	M	Independent	Independent	No				2014	3

C = Chair, * = Public Company Executive, ■ = Withhold or Against Recommendation

1. CEO (from March 16, 2015). Former Finance and Business Development Director.
2. Secretary for Transport and Housing. Appointed by the chief executive of the Hong Kong SAR ("Hong Kong SAR"), a government entity which beneficially owns approximately 75.1% of the Company's issued share capital. Chair and director of affiliated entities.
3. Appointed by the chief executive of the Hong Kong SAR.
4. Commissioner for Transport. Appointed by the chief executive of the Hong Kong SAR.
5. Secretary for Financial Services and the Treasury of the Government of Hong Kong SAR.
6. Non executive chair. Former independent non-executive director until November 30, 2015.

** Percentages displayed for ownership above 1%, when available

NAME	ATTENDED AT LEAST 75% OF MEETINGS	PUBLIC COMPANY EXECUTIVE	ADDITIONAL PUBLIC COMPANY DIRECTORSHIPS
Lincoln LEONG Kwok Kuen	Yes	Yes	(1) Mandarin Oriental International Limited
Anthony CHEUNG Bing-Leung	No	No	None
HON Chi-Keung	No	No	None
Ingrid YEUNG Ho-Poi	Yes	No	None
Ceajer CHAN Ka-keung	No	No	None
Frederick Ma Si-hang	Yes	No	(1) Husky Energy Inc.
Allan WONG Chi-Yun	Yes	Yes	(4) VTech Holdings Limited ; The Bank of East Asia Limited ; China-Hongkong Photo Products Holdings Limited ; Li & Fung Limited
Eddy FONG Ching	Yes	No	None
Vincent CHENG Hoi-Chuen	No	Yes	(7) CLP Holdings Limited ; China Minsheng Banking Corp., Ltd. ; Wing Tai Properties Limited ; Great Eagle Holdings Limited ; Shanghai Industrial Holdings Ltd ; Hui Xian Real Estate Investment Trust ; CK Hutchison Holdings Limited
Lucia LI Li Ka-Lai	Yes	No	None
Benjamin TANG Kwok-bun	Yes	No	None
Abraham SHEK Lai Him	Yes	No	(14) China Resources Cement Holdings Limited ; Country Garden Holdings Company Limited ; Chuang's Consortium International Ltd. ; NWS Holdings Limited ; Lifestyle International Holdings Ltd. ; SJM Holdings Limited ; Paliburg Holdings Limited ; Lai Fung Holdings Limited ; ITC Properties Group Ltd ; Midas Holdings Limited ; Cosmopolitan International Holdings Limited ; Chuang's China Investments Limited ; Goldin Financial Holdings Limited ; Hop Hing Group Holdings Ltd.
Alasdair George Morrison	Yes	No	(1) Pacific Basin Shipping Ltd
Kaizer LAU Ping-Cheung	Yes	No	(1) Kingboard Laminates Holdings Limited
Andrew Clifford Winawer Brandler	N/A	No	(3) CLP Holdings Limited ; The Hong Kong and Shanghai Hotels Limited ; Tai Ping Carpets International Limited
Anthony CHOW Wing-Kin	Yes	No	(2) Kingmaker Footwear Holdings Limited ; S. F. Holding Co. Limited
Pamela CHAN Wong Shui	Yes	No	None
Johannes ZHOU Yuan	N/A	No	None
Dorothy CHAN Yuen Tak-fai	Yes	No	(1) AMS Public Transport Holdings Limited
James KWAN Yuk Choi	Yes	No	(1) Towngas China Company Ltd. (fka Panva Gas Holdings)

■ MARKET PRACTICE

INDEPENDENCE AND COMPOSITION	0066*	REQUIREMENT	BEST PRACTICE
Independent Chair	No	N/A	N/A
Board Independence	70%	One-third ¹	N/A
Audit Committee Independence	86% ; Independent Chair	Majority; Independent Chair ¹	N/A
Remuneration Committee Independence	57% ; Independent Chair	Majority; Independent Chair ¹	N/A
Nominating Committee Independence	50% ; Independent Chair	N/A	Majority; Independent Chair ²

Percentage of women on board	20%	N/A	N/A
Directors' biographies	Circular of Meeting and Page 160 through 167 of the 2016 Annual Report		

* Based on Glass Lewis Classification

1. Listing Rules.

2. Corporate Governance Code.

Listed companies in Hong Kong are required to comply with the corporate governance rules of the Companies Ordinance, the Securities and Futures Ordinance, and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Corporate Governance Code (the "Code"), on the other hand, provides recommendations and suggestions to Hong Kong listed companies for good and responsible corporate governance practice.

Pursuant to the Listing Rules, at least one-third of the Company's board of directors must stand for reelection at the annual general meeting of shareholders, and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. In addition, all directors appointed to the board by board resolution should submit themselves for election at the annual general meeting to be held following their appointment.

In accordance with the Listing Rules, at least one-third of the board should be independent directors. Under the Code, an audit committee should consist solely of independent non-executive directors; and remuneration and nominating committees should consist of majority independent directors and be chaired by an independent director. In addition, we believe that the remuneration committee should consist solely of non-executive directors in order to prevent any conflicts of interest with regard to the required duties of executives and compensation committee members.

GLASS LEWIS ANALYSIS

We believe shareholders should be mindful of the following:

NOMINATIONS COMMITTEE INDEPENDENCE

According to the Company's disclosure, the nominations committee consists of total seven directors, four of whom are independent. However, as of the writing of this report, we note that one of the independent committee member will retire from the board and the committee at this general meeting. Given the current committee composition, we believe that a new independent member will be appointed for replacement. Therefore, we refrain from recommending to vote against any particular nominee on this basis at this time. We will monitor this issue going forward.

NO AUDIT COMMITTEE MEETINGS WITHOUT EXECUTIVES

Director Eddy FONG Ching serves as chairman of the audit committee. We are concerned that the finance director ("FD") and head of internal audit ("Head of IA") attend all audit committee meetings by invitation. We believe that the audit committee should hold meetings without the presence of executive directors in order to ensure the objectivity of the committee's decision making process. Executives may be asked to attend the meeting to clarify certain matters; however, having the FD and Head of IA attend all committee meetings raises serious concerns regarding the objectivity and independence of the committee's review. Financial disclosure is critical to shareholders, and any potential conflict should be strictly monitored. As such, we believe that the chair of the audit committee should be held accountable for this issue.

AUDIT COMMITTEE INDEPENDENCE - SIGNIFICANT SHAREHOLDER

Director Ingrid YEUNG Ho-Poi, who has served in various bureaux and departments of the Hong Kong Government, was appointed to the board by the chief executive of the Hong Kong SAR, a government entity that beneficially owns approximately 75.1% of the Company's issued share capital and serves as a member of the audit committee. In our view, holders/representatives of more than 20% of a company's shares are not independent because their interests and financial needs may differ from other shareholders. We believe that the area of financial disclosure is critical to shareholders. Any potential conflict between a director's own interests and those of shareholders should be strictly monitored for board members who oversee accounting and disclosure issues. Therefore, we believe that shareholders are best served by not having significant shareholders or their representatives serve on the audit committee.

EXCESSIVE DIRECTORSHIP

Directors Allan WONG Chi-Yun and Vincent CHENG Hoi-Chuen each serve on an excessive number of public company boards. We believe that the time commitment required by this number of board memberships may preclude these nominees/directors from fulfilling their responsibilities to this Company's shareholders.

DIRECTOR ATTENDANCE

Directors Anthony CHEUNG Bing-Leung, HON Chi-Keung, Vincent CHENG Hoi-Chuen and Ceajer CHAN Ka-keung attended less than 75% of the meetings held by the board and/or the applicable committees last fiscal year. We view this as a failure to fulfill a fundamental responsibility to represent shareholders at such meetings.

However, since the above-mentioned directors are not up for election this year, we refrain from recommending to vote against any particular nominee on these bases at this time. We will monitor these issues going forward.

RECOMMENDATIONS

We recommend voting against nominees up for election as follows:

EXCESSIVE DIRECTORSHIP

Nominee Abraham SHEK Lai Him serves on an excessive number of public company boards. We believe that the time commitment required by this number of board memberships may preclude this nominee from fulfilling his responsibilities to this Company's shareholders.

We recommend that shareholders vote:

AGAINST: Abraham SHEK Lai Him

FOR: Alasdair George Morrison; Andrew Clifford Winawer Brandler; Dorothy CHAN Yuen Tak-fai; Frederick Ma Si-hang; Johannes ZHOU Yuan; Pamela CHAN Wong Shui

The Company discloses the following biographical information for directors Andrew Clifford Winawer Brandler and Johannes ZHOU Yuan, new nominees to the board:

Andrew Clifford Winawer Brandler is the chairman of Sir Elly Kadoorie & Sons Limited. He was formerly the group managing director and chief executive officer of CLP Holdings Limited from 2000 to 2013, an executive director between October 2013 and April 2014, and currently is a NED of that company. Mr Brandler is also the non-executive deputy chairman of The Hongkong and Shanghai Hotels, Limited, and a NED of Tai Ping Carpets International Limited. Prior to joining CLP Holdings Limited in 2000, he was an investment banker, his last position being Head of Asia Pacific Corporate Finance at Schroders based in Hong Kong. Mr Brandler was the former chairman of the Hong Kong General Chamber of Commerce (ceased in 2010) and a member of the Operations Review Committee of the Independent Commission Against Corruption (ceased in 2014). He is also currently the Chairman of the Board of Governors of the Chinese International School. Mr Brandler holds a Bachelor of Arts (subsequently Master of Arts) degree in Modern and Medieval Languages from the University of Cambridge, United Kingdom and a Master of Business Administration degree from Harvard Business School, United States of America. He is a member of The Institute of Chartered Accountants in England and Wales.

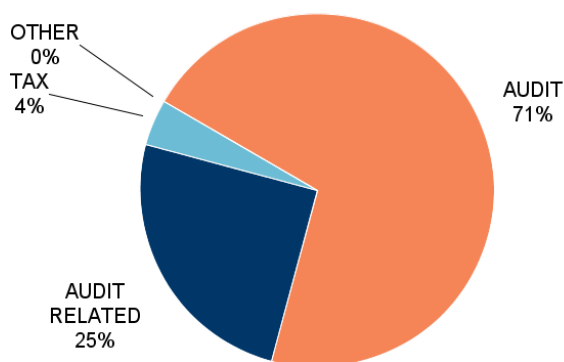
Johannes ZHOU Yuan retired in June 2016 as Chief Strategic Officer of China Investment Corporation ("CIC"). He joined CIC in 2008 and held a variety of portfolios of responsibilities including alternative assets, direct investments, asset allocation, and finance/treasury. Prior to that, Mr Zhou led Asia business development at Chicago Mercantile Exchange. From 2001 to 2005, he worked as a financial researcher and consultant, working on assignments ranging in asset management, private equity, hedge funds, risk models, financial software architecture, and financial market reform, with consulting work done for China Securities Regulatory Commission, Shanghai Futures Exchange, as well as a number of western firms. From 1998 to 2001, Mr Zhou was chief executive officer of HKFE Clearing Corporation Limited and concurrently chief financial officer of Hong Kong Futures Exchange Limited, responsible for the Exchange's finance, treasury, risk and clearing functions. He was UBS AG's China country head from 1994 to 1998, responsible for the bank's investment banking, commercial banking, asset management and private banking businesses in China. From 1988 to 1994, Mr Zhou worked at State Street Bank in Boston where he founded and managed the research department. Prior to that, Mr Zhou taught at Brandeis University. He was educated at Peking University, the Mainland of China and Brandeis University, the United States of America.

6.00: APPOINTMENT OF AUDITOR AND AUTHORITY TO SET FEES

FOR

PROPOSAL REQUEST:	Ratification of KPMG	RECOMMENDATIONS & CONCERNS:
PRIOR YEAR VOTE RESULT (FOR):	99.7%	FOR- No material concerns
BINDING/ADVISORY:	Binding	
REQUIRED TO APPROVE:	Majority	
AUDITOR OPINION:	Unqualified	

PROPOSAL SUMMARY



AUDITOR FEES

	2016	2015	2014
Audit Fees:	HK\$17,000,000	HK\$15,000,000	HK\$12,000,000
Audit-Related Fees:	HK\$6,000,000	HK\$6,000,000	HK\$6,000,000
Tax Fees:	HK\$1,000,000	HK\$1,000,000	HK\$1,000,000
All Other Fees:	HK\$ 0	HK\$13,000,000	HK\$16,000,000
Total Fees:	HK\$24,000,000	HK\$35,000,000	HK\$35,000,000
Auditor:	KPMG	KPMG	KPMG
Years Serving Company:			N/D
Restatement in Past 12 Months:			No

GLASS LEWIS ANALYSIS

We believe that the fees paid for non-audit-related services are reasonable and that the Company has a track record of disclosing the appropriate information about these services in its filings.

We recommend that shareholders vote **FOR** this proposal.

PROPOSAL REQUEST:	General authority to issue shares without preemptive rights	RECOMMENDATIONS & CONCERNS:
PRIOR YEAR VOTE RESULT (FOR):	93.9%	FOR- No material concerns
BINDING/ADVISORY:	Binding	
REQUIRED TO APPROVE:	Majority	

If approved, the board will be authorized to issue shares representing a maximum of 10.0% of the Company's existing issued share capital on the date this proposal is passed.

This authority will expire at the earliest of: (i) the conclusion of the Company's next annual general meeting; (ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; or (iii) the date on which this authority is revoked or varied by a resolution of the shareholders at a general meeting.

Shares issued pursuant to the following categories will not be counted against the maximum shares issuable under this proposal: (i) a right to issue where shares are offered to shareholders on a fixed record date in proportion to their holdings; (ii) the exercise of rights of subscription or conversion attaching to any warrants issued by the Company or any securities which are convertible into shares; (iii) the exercise of options granted under any stock option plan or similar arrangement adopted by the Company; and (iv) any scrip dividend or similar arrangement.

GLASS LEWIS ANALYSIS

Pursuant to Hong Kong law and relevant regulations, a listed company may issue additional shares amounting up to 20% of issued share capital without preemptive rights, and it may issue repurchased shares of up to 10% of issued share capital for any purpose in one year, provided that a prior shareholders approval of these mandates has been obtained. Further, such issuances may be implemented with a maximum 20% discount to the market price, which would further dilute the interests of existing shareholders.

Under the aforementioned regulations, most of Hong Kong's listed companies submit two separate issuance proposals at their annual general meetings: (i) an authority to issue shares without preemptive rights (the "general mandate"); and (ii) an authority to issue repurchased shares. We understand that these proposals allow companies to secure financial flexibility by increasing their levels of equity according to business development and investment needs.

However, we are concerned that boards may abuse these authorities in order to serve their own interests by issuing shares to any party. Our analysis of these types of proposals take into account the following elements to determine if a board may seek to abuse its authorities: (i) the potential for substantial dilution in the company's existing share ownership; (ii) whether the issue price has been set at a significant discount below the maximum legal limit of 20%; (iii) the decision-making process regarding the choice of share subscribers; (iv) the possibility for an improper use of the authority; and (v) the past issuance practices of the company, which may include the allocations of a substantial amount of shares to one significant shareholder or third party.

Granting a board such a dangerously high level of discretion over a company's capital may negatively affect shareholders' interests. We believe that these general mandates for issuances should be analyzed carefully, and that lower maximum limits better protect shareholders' interests. Therefore, we believe that the maximum limit of the general mandate should be limited to 10% of the company's issued share capital. Further, we believe discount rates should be capped at 15% of market price.

In this case, we find that the proposed 10.0% issuance limit and the 10.0% discount rate are reasonable in consideration of the above-mentioned conditions. We believe the Company is prudent in lowering both the maximum issuance limit and discount limit for shares issuance without preemptive rights to levels below those allowed by law.

We recommend that shareholders vote **FOR** this proposal.

PROPOSAL REQUEST:	General authority to repurchase shares	RECOMMENDATIONS & CONCERNS:
PRIOR YEAR VOTE RESULT (FOR):	100%	FOR- No material concerns
BINDING/ADVISORY:	Binding	
REQUIRED TO APPROVE:	Majority	

The aggregate nominal amount of share capital to be repurchased will not exceed 10.0% of the aggregate nominal amount of the existing issued share capital of the Company at the date of the passing of this proposal.

If approved, this authority will expire at the earliest of: (i) the conclusion of the Company's next annual general meeting; (ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; or (iii) the date on which this authority is revoked or varied by a resolution of the shareholders at a general meeting.

GLASS LEWIS ANALYSIS

As a general rule, we believe that share buyback programs are in shareholders' best interests, so long as the Company is left with a sufficiently strong balance sheet in light of its capital requirements. Typically, a repurchase is used to return surplus capital to shareholders, increase earnings per share, or provide shares for equity compensation plans.

We believe that the terms under which the Company is considering a repurchase of its shares are reasonable.

We recommend that shareholders vote **FOR** this proposal.

VOTE RESULTS FROM LAST ANNUAL MEETING MAY 18, 2016

Source: Company Announcement dated May 18, 2016

RESULTS

NO.	PROPOSAL	FOR	AGAINST	ABSTAIN	OTHER/ WITHHELD	GLC REC
1.0	Accounts and Reports	99.90%	0.10%	0.00%	0.00%	For
2.0	Allocation of Profits/Dividends	99.90%	0.10%	0.00%	0.00%	For
3.1	Elect Vincent CHENG Hoi-Chuen	96.61%	3.39%	0.00%	0.00%	Against
3.2	Elect Kaizer LAU Ping-Cheung	99.93%	0.07%	0.00%	0.00%	For
3.3	Elect Allan WONG Chi-Yun	99.51%	0.49%	0.00%	0.00%	For
4.0	Elect Anthony CHOW Wing-kin	99.97%	0.03%	0.00%	0.00%	For
5.0	Appointment of Auditor and Authority to Set Fees	99.67%	0.33%	0.00%	0.00%	For
6.0	Authority to Issue Shares w/o Preemptive Rights	93.92%	6.08%	0.00%	0.00%	Against
7.0	Authority to Repurchase Shares	99.99%	0.01%	0.00%	0.00%	For

APPENDIX

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LEAD ANALYSTS

Governance:

Moeko Porter