



載通國際
Transport International

TRANSPORT INTERNATIONAL HOLDINGS LIMITED

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INTERIM RESULTS

The Group's unaudited profit attributable to equity shareholders for the six months ended 30 June 2007 was HK\$3,137.5 million (2006: HK\$169.9 million). The profit included the after-tax profit of HK\$2,961.9 million (2006: Nil), which is of a non-recurrent nature, arising from the sales of 796 residential units of Manhattan Hill during the first half of 2007 by Lai Chi Kok Properties Investment Limited, a wholly-owned subsidiary within the Group's Property Holdings and Development Division. If such after-tax profit from property sales was excluded, the profit attributable to equity shareholders for the first half of 2007 would have been HK\$175.6 million, representing an increase of 3.3% compared with HK\$169.9 million for the first half of 2006. Earnings per share for the period under review were HK\$7.77 (2006: HK\$0.42).

INTERIM AND SPECIAL INTERIM DIVIDENDS

The Board has declared an interim dividend of HK\$0.45 per share (2006: HK\$0.45 per share), amounting to HK\$181.6 million (2006: HK\$181.6 million), for the six months ended 30 June 2007. The Board has further declared a special interim dividend of HK\$1.50 per share, amounting to HK\$605.5 million (2006: Nil) to be paid out of the profits from the sales of the residential units of Manhattan Hill. These interim dividends will be paid on 17 October 2007 to the shareholders of the Company whose names are on the Register of Members at the close of business on 10 October 2007. The Register will be closed from 8 October 2007 to 10 October 2007, both dates inclusive. To qualify for the interim and special dividends, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrars, Computershare Hong Kong Investor Services Limited, at 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 5 October 2007.

MANAGEMENT REVIEW AND OUTLOOK

Review of operations and results of individual business units

Franchised Public Bus Operations

The Kowloon Motor Bus Company (1933) Limited ("KMB")

- Profit after taxation for the six months ended 30 June 2007 amounted to HK\$132.8 million (2006: HK\$113.3 million) which included the deemed income of HK\$41.5 million (2006: HK\$27.2 million) determined by independent actuaries in respect of the two defined benefit staff retirement schemes operated by KMB. Such deemed income, which was non-cash in nature, was booked in the income statement of KMB in accordance with the requirement of Hong Kong Accounting Standard 19 "Employee Benefits". If this non-cash item was excluded, the profit after taxation of KMB for the period under review would have been HK\$98.6 million (2006: HK\$90.9 million).
- In the first half of 2007, fare revenue and ridership amounted to HK\$2,840.6 million (2006: HK\$2,814.7 million) and 497.1 million passenger trips (2006: 495.7 million passenger trips) respectively. These represent increases of 0.9% and 0.28% respectively compared with the corresponding period of 2006. Such increases were below the market average as KMB has continued to face intense competition from the new railways. Advertising revenue for the first half of 2007 was HK\$32.5 million (2006: HK\$32.3 million), a slight increase of 0.6% compared with the corresponding period last year.

- Total operating expenses for the period under review amounted to HK\$2,721.1 million, representing an increase of HK\$10.3 million compared with HK\$2,710.8 million for the first half of 2006. During the period, KMB continued to face tremendous pressure from cost escalation, particularly with oil prices rebounding to a very high level in the second quarter of 2007 and increases in wages commencing from 1 June 2007 for operations staff. Virtually all of these increases in operating costs were beyond KMB's control. Nevertheless, KMB has continued to use its best efforts to control costs and enhance service efficiency as far as possible while maintaining its high standards of service.
- At the end of June 2007, KMB operated a total of 401 routes compared with 403 at 31 December 2006. In addition, there were 62 Octopus Bus-bus Interchange ("BBI") schemes covering 248 bus routes, operating both within the KMB route network and on joint inter-modal schemes with other public transport operators. These BBI schemes provide passengers with significant fare discounts and at the same time improve network coverage, save operating resources and relieve traffic congestion and air pollution along busy transport corridors.
- During the first half of 2007, 35 new air-conditioned double-deck buses were licensed. At 30 June 2007, KMB had a fleet of 4,038 (end of 2006: 4,021) licensed buses, comprising 3,886 double-deck and 152 single-deck buses, of which 3,789 buses (94%) were air-conditioned. In addition, about 40 new air-conditioned double-deck buses will be delivered during the second half of 2007 and early 2008.

Long Win Bus Company Limited ("LWB")

- Profit after taxation for the six months ended 30 June 2007 amounted to HK\$9.3 million, representing an increase of HK\$1.3 million compared with HK\$8.0 million for the first half of 2006.
- Fare revenue for the first six months of 2007 was HK\$146.0 million, representing an increase of 4.1% compared with HK\$140.3 million for the corresponding period of 2006. During the period under review, LWB recorded a total ridership of 13.4 million passenger trips, an increase of 5.4% compared with 12.7 million passenger trips for the corresponding period last year. The increase in ridership was due mainly to the continued growth of population in Tung Chung New Town and the increase in travel demand to and from the Hong Kong International Airport (including the newly opened Sky Plaza at Terminal 2) and AsiaWorld-Expo.
- Total operating expenses for the period under review amounted to HK\$134.1 million, representing an increase of HK\$5.0 million or 3.9% compared with HK\$129.1 million for the same period of 2006. Major operating expenses including staff costs, fuel costs, tunnel tolls and depreciation charges have increased in line with the expansion of service to cope with the growing transport demand.
- At 30 June 2007, LWB had 144 air-conditioned double-deck buses and nine air-conditioned single-deck buses serving a total of 18 routes. Its fleet size and number of routes remained the same as at the end of 2006.
- 10 new air-conditioned double-deck buses were under construction as at 30 June 2007. These new air-conditioned double-deck buses will be licensed to cater for eight service improvement programmes in the second half of 2007.
- At 30 June 2007, there were five BBI schemes covering 12 bus routes operating both within LWB's bus network and on joint inter-modal schemes with other public transport operators. These BBI schemes provide passengers with interchange fare discounts and allow LWB to deploy its resources more effectively.

Non-franchised Transport Operations

The Group's Non-franchised Transport Operations Division reported a profit after taxation of HK\$16.1 million for the first half of 2007 (2006: HK\$14.4 million), representing an increase of 11.8% compared with the corresponding period of 2006. Turnover increased by 16.8% to HK\$182.9 million compared with HK\$156.6 million for the first half of 2006. A review of the operations of the principal business units in this Division is set out as follows:

Sun Bus Holdings Limited and its subsidiaries (the "SBH Group")

- In the first half of 2007, the turnover of the SBH Group increased by 36.5% compared with the corresponding period of 2006. The increase was due mainly to the growth in patronage as a result of the continuous growth of tourists from the Mainland and the contribution from the acquisition of a local non-franchised bus operator in August 2006.
- The SBH Group is one of the leading operators in Hong Kong's non-franchised bus industry and provides a wide range of bus services tailored to specific niche markets. Its fleet serves large residential estates, shopping malls, major employers, theme parks, deluxe hotels, local travel agents and schools, as well as the general public through chartered hire services. To cater for its expansion, 29 new coaches were purchased during the period under review bringing the total number of buses to 343 at 30 June 2007.

Park Island Transport Company Limited ("PITC")

- PITC provides quality shuttle bus and ferry services for the residents of and visitors to Park Island, a prestigious residential development on Ma Wan Island. With the additional population intake and the launching of a new Airport circular bus route during the first half of 2007, the total patronage for the first half of 2007 increased by 3.6% to 3.5 million passenger trips.
- At the end of June 2007, PITC operated two ferry routes and three bus routes serving Ma Wan Island with a fleet of 19 air-conditioned single-deck buses and seven high-speed catamarans.

New Hong Kong Bus Company Limited ("NHKB")

- NHKB, together with its Shenzhen counterpart, jointly operates a direct, economical, 24-hour cross-boundary shuttle bus service (commonly known as the Huang Bus service) serving regular commuters and holiday travellers between Lok Ma Chau in Hong Kong and Huanggang in Shenzhen. The average monthly ridership reached 1.69 million passenger trips for the first half of 2007, an increase of 3.7% compared with 1.63 million passenger trips for the corresponding period of 2006. The increase in patronage was due mainly to the growth in the number of Mainland tourists as a result of the continuous extension of the Individual Visit Scheme to more Mainland cities and the increase in economic activities between Hong Kong and the Mainland.
- The opening of the KCRC's Lok Ma Chau Spur Line in August 2007 is expected to have an adverse impact on the patronage of NHKB. However, it is anticipated that the introduction of further liberalisation measures under the Closer Economic Partnership Arrangement (CEPA) and the increase in the number of visitors from the Mainland will generate extra passenger numbers for NHKB to partially offset the loss of patronage to the new railway. At the end of June 2007, NHKB operated a total of 15 buses, same as at the end of 2006.

Property Development

- Lai Chi Kok Properties Investment Limited is a wholly-owned subsidiary of the Group and the owner and developer of the residential and commercial complex known as “Manhattan Hill” located at 1 Po Lun Street, Lai Chi Kok, Kowloon. Manhattan Hill comprises 1,115 up-market luxurious residential units with a total gross floor area of more than one million square feet and a two-level retail podium of about 50,000 square feet. The development obtained its occupation permit in December 2006.
- The first phase of the sales campaign of Manhattan Hill’s residential units was launched in November last year. The response was overwhelming and 245 residential units with a total saleable gross floor area (“saleable GFA”) of about 299,000 square feet (representing approximately 25% of total saleable GFA) were sold before the end of 2006. For the six months ended 30 June 2007, a further 796 residential units with a total saleable GFA of about 730,000 square feet (representing approximately 61% of the total saleable GFA) were sold, generating total sales of HK\$4,458.3 million (2006: Nil) with a profit contribution of HK\$2,961.9 million (2006: Nil).
- At 30 June 2007, completed property held for sale (classified under current assets in the consolidated balance sheet) and investment property under development in respect of the commercial portion of Manhattan Hill (classified under fixed assets in the consolidated balance sheet) amounted to HK\$347.2 million (31 December 2006: HK\$1,433.4 million) and HK\$74.6 million (31 December 2006: HK\$74.6 million) respectively. The development of Manhattan Hill is financed by the Group’s working capital and unsecured bank loans.

Media Sales Business

RoadShow Holdings Limited and its subsidiaries (the “RoadShow Group”)

- The RoadShow Group is a leading media sales group in Hong Kong and the Mainland. It is principally engaged in marketing advertising aimed at passengers riding public transit vehicles in Hong Kong through a proprietary Multi-media On-board (“MMOB”) system. The RoadShow Group also runs a television programme syndication and media sales network in the Mainland of China covering more than 200 cities. Currently, the Group has a 73% interest in the RoadShow Group.
- For the six months ended 30 June 2007, the RoadShow Group reported a profit attributable to equity shareholders of HK\$16.1 million (2006: HK\$24.4 million), representing a decrease of 34% compared with the corresponding period of 2006. The decrease was because the amount for 2006 included an aggregate of profit of approximately HK\$14.6 million arising from the disposal of certain media assets and two subsidiaries which were disposed of in 2006.
- Further information relating to the RoadShow Group is available in its 2007 interim report.

Mainland Transport Operations

As at 30 June 2007, the Group's total interest in associates and jointly controlled entity within the Mainland Transport Operations Division amounted to HK\$665.8 million (31 December 2006: HK\$680.0 million). Such investments are mainly related to the operation of passenger public transport services in Dalian, Shenzhen and Wuxi, and taxi and car rental services in Beijing. During the period under review, the Group's Mainland Transport Operations Division reported a profit after taxation of HK\$2.2 million, representing a decrease of 88.2% compared with HK\$18.6 million for the corresponding period of 2006. The decrease was due mainly to the surge in fuel costs and staff costs of our associates, while bus fares generally remained unchanged over the period under review.

Dalian (大連)

The co-operative joint venture ("CJV") in Dalian, Liaoning Province (遼寧省大連市) was established in July 1997 between a 60% owned subsidiary of the Group and Dalian City No.1 Bus Company (大連市第一公共汽車公司). This CJV currently operates three routes in Dalian city with a fleet of 84 single-deck buses.

Beijing (北京)

Beijing Beiqi Kowloon Taxi Company Limited (北京北汽九龍出租汽車股份有限公司) ("BBKT"), a Sino-foreign joint stock company, was established in Beijing in March 2003. BBKT principally engages in taxi hire and car rental businesses in Beijing City (北京市) with a fleet of over 4,200 vehicles. The Group's investment in BBKT was RMB80.0 million (HK\$75.5 million), representing 31.38% of BBKT's equity interest. BBKT achieved satisfactory performance during the first half of 2007. In a recent government survey conducted on 132 taxi operators in Beijing prior to the 2008 Olympic Games, BBKT was ranked first for its outstanding performance.

Wuxi (無錫)

Wuxi Kowloon Public Transport Company Limited (無錫九龍公共交通股份有限公司) ("WKPT") is a Sino-foreign joint stock company established in Wuxi City, Jiangsu Province (江蘇省無錫市) in February 2004. The Group has invested RMB135.4 million (HK\$127.2 million), representing a 45% equity interest, in WKPT. Currently, WKPT operates some 1,800 public buses on over 120 routes. During the first half of 2007, WKPT continued to make steady progress and recorded a ridership of 140.9 million passenger trips (2006: 138.3 million passenger trips).

Shenzhen (深圳)

Shenzhen Bus Group Company Limited (深圳巴士集團股份有限公司) ("SBG"), which commenced operation in January 2005, is a Sino-foreign joint stock company formed by a wholly-owned subsidiary of the Group and four other Mainland investors. The Group has invested RMB387.1 million (HK\$363.9 million), representing a 35% stake, in SBG. SBG principally operates public bus and taxi hire services in Shenzhen City, Guangdong Province (廣東省深圳市), with about 4,200 vehicles serving some 160 routes. SBG recorded a ridership of 364.9 million passenger trips (2006: 318.7 million passenger trips) for the first half of 2007.

Financial position

Fixed assets and capital expenditure

The Group's fixed assets in the consolidated balance sheet mainly comprise buildings, interest in leasehold land held for own use under operating leases, investment property under development, buses and other motor vehicles, vessels, buses under construction and tools. None of the Group's fixed assets was pledged or charged as at 30 June 2007. During the six months ended 30 June 2007, capital expenditure incurred by the Group amounted to HK\$262.3 million (2006: HK\$297.5 million). The capital expenditure was mainly incurred for the purchase of new buses for fleet replenishment.

Funding and financing

Liquidity and financial resources

The Group has constantly monitored its liquidity and financial resources with an aim to maintain a healthy financial position so that cash inflow from operating activities together with undrawn committed banking facilities are sufficient to meet the requirements for loan repayments, daily operational needs, capital expenditures, as well as potential business expansion and development. The Group's operations were financed mainly by shareholders' funds, bank loans and overdrafts.

- The gearing ratio, representing the ratio of the Group's net borrowings (i.e. total borrowings less cash and deposits at banks) to the total share capital and reserves attributable to equity shareholders of the Company, was 0.31 as at 30 June 2007 (31 December 2006: 0.51). The improvement in gearing ratio for the period under review was mainly attributable to the profit and cash inflow from the sales of the residential units of Manhattan Hill.
- At 30 June 2007, the Group's net borrowings amounted to HK\$2,337.0 million, representing a decrease of HK\$227.7 million compared with the net borrowings of HK\$2,564.7 million at 31 December 2006. An analysis of the Group's net borrowings by currency at 30 June 2007 is shown below:

Currency	At 30 June 2007		At 31 December 2006	
	Net borrowings/ (cash) in foreign currency million	Net borrowings/ (cash) HK\$ million (Unaudited)	Net borrowings/ (cash) in foreign currency million	Net borrowings/ (cash) HK\$ million (Audited)
Hong Kong Dollars		2,860.0		3,082.4
United States Dollars	(50.0)	(390.2)	(46.9)	(365.6)
British Pound Sterling	(1.6)	(25.0)	(1.6)	(23.7)
Renminbi	(104.6)	(107.8)	(128.4)	(128.4)
Total		2,337.0		2,564.7

- Bank loans and overdrafts at 30 June 2007 amounted to HK\$3,580.2 million (31 December 2006: HK\$3,832.7 million) of which a bank loan of HK\$38.0 million was secured by a pledged bank deposit of HK\$40.4 million. The maturity profile of the bank loans and overdrafts of the Group is shown below:

	At 30 June 2007 HK\$ million (Unaudited)	At 31 December 2006 HK\$ million (Audited)
Within 1 year or on demand	2,072.7	1,780.2
After 1 year but within 2 years	767.5	977.5
After 2 years but within 5 years	740.0	1,075.0
	<u>1,507.5</u>	<u>2,052.5</u>
Total	<u>3,580.2</u>	<u>3,832.7</u>

- At 30 June 2007, the Group had stand-by banking facilities totalling HK\$1,193.0 million (31 December 2006: HK\$1,254.0 million).
- The finance costs for the six months ended 30 June 2007 amounted to HK\$71.0 million (2006: HK\$50.4 million). The average interest rate in respect of the Group's borrowings for the period under review was 4.34% per annum, an increase of 3 basis points compared with 4.31% per annum for the corresponding period of 2006.
- At 30 June 2007, the Group's cash and deposits at banks (mainly denominated in Hong Kong Dollars, US Dollars, British Pound Sterling and Renminbi) amounted to HK\$1,243.2 million (31 December 2006: HK\$1,268.0 million).

Funding and treasury policies

- In general, the Group's major operating companies arrange their own financing to meet specific requirements whilst other subsidiaries of the Group obtain financing from the holding company from its own capital base. Stand-by banking facilities have been maintained to facilitate routine treasury operations.
- It is the Group's policy to manage its exposure to interest rate risk in a prudent manner with suitable instruments and strategies, including the use of interest rate swaps and natural hedges, as and when appropriate. At 30 June 2007, the Group's borrowings were mainly denominated in Hong Kong Dollars and on a floating interest rate basis so as to take advantage of the lower floating interest rates compared with fixed rate financing during the period.
- The Group's foreign currency exposure mainly arises from payments for new buses and overseas motor vehicle components which are denominated in British Pound Sterling. To minimise the foreign exchange risk particularly at times when the currency market is volatile, it is the Group's policy to closely monitor foreign exchange movements and strategically enter into forward exchange contracts to hedge its foreign currency requirement when opportunities arise.

Capital commitments

Capital commitments outstanding and not provided for in the interim financial report of the Group as at 30 June 2007 amounted to HK\$282.6 million (31 December 2006: HK\$491.2 million). The commitments are mainly in respect of the purchase of buses and other fixed assets and the development of Manhattan Hill. The commitments are to be financed by borrowings and working capital of the Group.

Contingent liabilities

At 30 June 2007, the Company had undertaken to guarantee certain banking facilities granted to certain subsidiaries to the extent of HK\$2,840.0 million (31 December 2006: HK\$3,160.0 million). The maximum liability of the Company at 30 June 2007 under the guarantees issued was the outstanding amount of the loans advanced by the banks to the subsidiaries totalling HK\$2,210.0 million (31 December 2006: HK\$2,343.0 million).

Employees and remuneration policies

Transport operations are labour intensive and staff costs represent a substantial portion of the operating costs of the Group. Hence, the number and remuneration of the employees have been closely monitored by the Group to align with productivity and market trends. At 30 June 2007, the Group had 13,216 employees (2006: 13,541 employees). Total remuneration for the six months ended 30 June 2007 amounted to approximately HK\$1,465.5 million (2006: HK\$1,483.5 million).

Outlook

We anticipate that in the second half of 2007, the Group's franchised public bus business will continue to face tremendous pressure from escalating operating costs, particularly with historically high oil prices and further increases in wages and tunnel toll rates. The fuel costs of KMB and LWB have continued to rise with the prices of Singapore 0.5% Sulphur Gas Oil ("Gasoil"), on which the prices of ultra low sulphur diesel used by our franchised public buses are based. The average price of Gasoil for July and August 2007 rose to US\$84.4 per barrel, an increase of 11.5% compared with that of US\$75.7 per barrel for the first six months of 2007. It should be remembered that the average price of Gasoil for 1997 was US\$24.2 per barrel. In addition, the 2.5% pay increase given to KMB's and LWB's operations staff had become effective on 1 June 2007 and the same increase for their office staff also took effect from 1 September 2007. These increases are expected to further erode the profit margin of the Group's franchised bus operations in the second half of 2007. In light of these adverse factors and trends going forward, we expect that the profits of KMB and LWB for the year ending 31 December 2007 will be lower than those for last year.

Fuel expenses, tunnel tolls and staff costs, which account for about 72% of total operating expenses of our franchised bus operations, are wholly or largely beyond our control. Besides, we also expect that the rail fare discounts to be offered upon the imminent merger of the two rail companies will have an adverse effect on our patronage. In order to maintain the financial viability and the existing service level of our franchised bus operations, KMB and LWB have submitted applications to the Transport Department of the Government of the Hong Kong Special Administrative Region on 7 September 2007 for a fare increase of 9% and 5.9% respectively. In the meantime, we will continue to monitor our patronage trends and rationalise our franchised bus network and resources as far as practicable to contain our operating costs.

On the brighter side, we expect that the performance of our non-franchised transport operations, in particular the tourist service, will continue to improve along with the intrinsic growth of the Hong Kong economy and the extension of the Individual Visit Scheme to more Mainland cities.

Several phases of the sales campaign for the residential flats of Manhattan Hill have been launched since November 2006. Up to 30 June 2007, about 93% of the total number of residential flats (representing approximately 86% of the total saleable gross floor area (GFA) of Manhattan Hill) had been sold. In light of the current buoyant local property market, we shall devise further sales and marketing plans with a view to maximising the value of the remaining units of Manhattan Hill.

The performance of our joint venture transportation projects in the Mainland cities of Dalian, Beijing, Wuxi and Shenzhen have been suppressed by high oil prices. We will work with our joint venture partners to step up cost control measures and rationalise the bus networks wherever possible. In line with the Group's business diversification strategy, we will continue to explore new business opportunities on the Mainland.

By Order of the Board

S.Y. CHUNG
Chairman

Hong Kong, 20 September 2007

SUPPLEMENTARY INFORMATION

Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures

The Directors of the Company who held office at 30 June 2007 had the following interests in the shares of the Company, subsidiaries and other associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) at that date as recorded in the register of Directors’ and chief executives’ interests and short positions required to be kept under Section 352 of the SFO:

I. Interests in Issued Shares

a) The Company

	Ordinary shares of HK\$1 each				Total number of shares held	Percentage of total issued shares
	Personal interests	Family interests	Corporate interests	Trustee interests		
The Hon Sir Sze-yuen CHUNG*	18,821	—	—	—	18,821	0.005%
Dr Norman LEUNG Nai Pang*	—	—	—	—	—	—
KWOK Ping-luen, Raymond	393,350	—	—	—	393,350	0.097%
KWOK Ping-sheung, Walter	61,522	—	—	—	61,522	0.015%
NG Siu Chan	—	21,000,609	—	—	21,000,609	5.203%
William LOUEY Lai Kuen	6,246,941	4,475	—	—	6,251,416	1.549%
John CHAN Cho Chak	2,000	—	—	—	2,000	—
Charles LUI Chung Yuen	12,427	—	—	2,651,750	2,664,177	0.660%
				(Note 1)		
Winnie NG	41,416	—	—	21,000,609	21,042,025	5.213%
(Director and Alternate Director to Mr NG Siu Chan)				(Note 2)		
Dr KUNG Ziang Mien, James*	—	—	172,000	—	172,000	0.043%
George CHIEN Yuan Hwei	2,000	—	—	—	2,000	—
Dr Eric LI Ka Cheung*	—	—	—	—	—	—
Edmond HO Tat Man	—	—	—	—	—	—
SIU Kwing-chue, Gordon*	—	—	—	—	—	—
KUNG Lin Cheng, Leo	—	—	—	—	—	—
(Alternate Director to Dr KUNG Ziang Mien, James*)						
YUNG Wing Chung	—	—	—	—	—	—
(Alternate Director to Mr KWOK Ping-luen, Raymond)						
WONG On Ning, Orlena	—	—	—	—	—	—
(Alternate Director to Mr KWOK Ping-sheung, Walter)						

* Independent Non-executive Director of the Company

Notes:

1. Mr Charles Lui Chung Yuen and members of his family together have interests in certain private trusts which beneficially held 2,651,750 shares in the Company.
2. Ms Winnie Ng has interest in 21,000,609 shares in the Company as a beneficiary in certain private trusts which beneficially held the aforesaid block of shares.

b) *RoadShow Holdings Limited (“RoadShow”), a subsidiary of the Company*

Ordinary shares of HK\$0.10 each

	Personal interests	Family interests	Corporate interests	Trustee interests	Total number of shares held	Percentage of total issued shares
The Hon Sir Sze-yuen CHUNG*	4,000	—	—	—	4,000	—
Dr Norman LEUNG Nai Pang*	—	—	—	—	—	—
KWOK Ping-luen, Raymond	37,400	—	—	—	37,400	0.004%
KWOK Ping-sheung, Walter	6,600	—	—	—	6,600	0.001%
NG Siu Chan	—	123,743	—	—	123,743	0.012%
William LOUEY Lai Kuen	412,371	—	—	—	412,371	0.041%
John CHAN Cho Chak	—	—	—	—	—	—
Charles LUI Chung Yuen	—	—	—	209,131	209,131	0.021%
				(Note 1)		
Winnie NG	1,000,000	—	—	123,743	1,123,743	0.113%
(Director and Alternate Director to Mr NG Siu Chan)				(Note 2)		
Dr KUNG Ziang Mien, James*	—	—	500,000	—	500,000	0.050%
George CHIEN Yuan Hwei	—	—	—	—	—	—
Dr Eric LI Ka Cheung*	—	—	—	—	—	—
Edmond HO Tat Man	—	—	—	—	—	—
SIU Kwing-chue, Gordon*	—	—	—	—	—	—
KUNG Lin Cheng, Leo	—	—	—	—	—	—
(Alternate Director to Dr KUNG Ziang Mien, James*)						
YUNG Wing Chung	—	—	—	—	—	—
(Alternate Director to Mr KWOK Ping-luen, Raymond)						
WONG On Ning, Orlena	—	—	—	—	—	—
(Alternate Director to Mr KWOK Ping-sheung, Walter)						

* Independent Non-executive Director of the Company

Notes:

1. Mr Charles Lui Chung Yuen and members of his family together have interests in certain private trusts which beneficially held 209,131 shares in RoadShow.
2. Ms Winnie Ng has interest in 123,743 shares in RoadShow as a beneficiary in certain private trusts which beneficially held the aforesaid block of shares.

As at 30 June 2007, none of the Directors had any non-beneficial interest in the share capital of the Company.

II. Interests in Underlying Shares

None of the Directors or any of their spouses or children under eighteen years of age has interests or short positions in the shares, underlying shares or debentures of the Company or any of its subsidiaries or other associated corporations, as recorded in the register of directors' interests and short positions required to be kept under Section 352 of the SFO or as otherwise notified to the Company pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

Directors' Interests in Contracts

Save for the contracts as disclosed in note 17 to the interim financial report, in which Messrs. Kwok Ping-luen, Raymond and Kwok Ping-sheung, Walter, who had beneficial interests in Sun Hung Kai Properties Limited, were interested, no other contract of significance to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, subsisted at 30 June 2007 or at any time during the six months ended 30 June 2007.

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares, Underlying Shares and Debentures

At 30 June 2007, the interests or short positions of the persons (not being Directors and the chief executive of the Company) in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 2 and 3 of Part XV of the SFO and required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

	Ordinary shares of HK\$1 each			Percentage of total issued shares
	Registered shareholders	Corporate interests	Total number of shares held	
Substantial shareholders				
Sun Hung Kai Properties Limited (Notes 1 and 2)	—	133,271,012	133,271,012	33.0%
Arklake Limited (Note 1)	68,600,352	—	68,600,352	17.0%
HSBC International Trustee Limited (Note 3)	190,359,900	—	190,359,900	47.2%
Other person				
Kwong Tai Holdings Limited (Note 4)	21,000,609	—	21,000,609	5.2%

Notes:

1. The interest disclosed by Sun Hung Kai Properties Limited (“SHKP”) includes the 68,600,352 shares disclosed by Arklake Limited.
2. Under The Code on Takeovers and Mergers (the “Takeovers Code”), a person will be subject to mandatory offer obligations if such person acquires, whether by a series of transactions over a period of time or not, 30% or more of the voting rights of a company. Such threshold was reduced from 35% to 30% with effect from 19 October 2001. However, transitional provisions apply where a person, or two or more persons acting in concert, holds 30% or more of the voting rights of a company but less than 35% of such voting rights immediately prior to 19 October 2001. For so long as such holding remains in this range and until 10 years after that date, the Takeovers Code shall be interpreted and applied as if the 30% trigger in Rule 26.1(a) and (b) of the Takeovers Code was 35% for such person or persons and such person or persons are not subject to the 2% creeper under Rule 26.1(c) and (d) of the Takeovers Code. In this regard, SHKP held 30% or more of the voting rights of the Company but less than 35% of such voting rights immediately prior to 19 October 2001, and the above transitional provisions apply to SHKP for so long as its holding remains within the range of 30% and 35% for a period of 10 years after 19 October 2001.
3. HSBC International Trustee Limited is deemed to be interested in 190,359,900 shares in the Company held on trust for its clients, of which 133,271,012 shares are held for SHKP.
4. The interest disclosed by Kwong Tai Holdings Limited includes 21,000,609 shares disclosed by Mr Ng Siu Chan and Ms Winnie Ng, both of whom are Directors of the Company.

Purchase, Sale or Redemption of the Company’s Shares

During the six months ended 30 June 2007, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s own shares.

Model Code for Securities Transactions by Directors

The Company has adopted the code of conduct regarding securities transactions by Directors as set out in Appendix 10 to The Rules Governing the Listing of Securities on the Stock Exchange (“Listing Rules”) during the interim period under review and following specific enquiry by the Company, it is noted that all Directors have complied with the required standard of dealings set out therein.

Corporate Governance

The Company has complied throughout the six months ended 30 June 2007 with the code provisions set out in the Code on Corporate Governance Practices as contained in Appendix 14 to the Listing Rules.

Audit Committee

The Audit Committee reviewed with management the accounting principles and policies adopted by the Group and discussed auditing, internal control and financial reporting matters, and also reviewed the unaudited interim financial report for the six months ended 30 June 2007. The review of the unaudited interim financial report was conducted with the Group’s external auditors, KPMG. The independent review report of the external auditors is set out on page 35 of this interim report.

CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2007

	Note	Six months ended 30 June	
		2007 HK\$ million (Unaudited)	2006 HK\$ million (Unaudited)
Turnover	2, 9	7,716.1	3,223.1
Other net income	3	82.5	84.1
Cost of properties sold		(1,104.8)	—
Staff costs	4	(1,465.5)	(1,483.5)
Depreciation and amortisation		(446.8)	(445.6)
Fuel and oil		(532.3)	(529.1)
Toll charges		(162.5)	(161.6)
Spare parts and stores		(121.4)	(116.3)
Selling and marketing expenses for property sales		(293.4)	—
Other operating expenses		(328.2)	(315.1)
		<hr/>	<hr/>
Profit from operations	9	3,343.7	256.0
Finance costs	5	(71.0)	(50.4)
Share of profits less losses of associates		7.4	23.8
Share of losses of jointly controlled entities		(1.0)	—
		<hr/>	<hr/>
Profit before taxation		3,279.1	229.4
Income tax	6	(133.6)	(33.9)
		<hr/>	<hr/>
Profit for the period		3,145.5	195.5
		<hr/>	<hr/>
Profit for the period attributable to:			
Equity shareholders of the Company	15	3,137.5	169.9
Minority interests	15	8.0	25.6
		<hr/>	<hr/>
Profit for the period	15	3,145.5	195.5
		<hr/>	<hr/>

CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2007 *(continued)*

	Note	Six months ended 30 June	
		2007	2006
		HK\$ million	HK\$ million
		(Unaudited)	(Unaudited)
Profit for the period attributable to equity shareholders of the Company:			
Arising from sales of Manhattan Hill properties		2,961.9	—
Arising from the Group's other operations		175.6	169.9
		<u>3,137.5</u>	<u>169.9</u>
Dividends attributable to the interim period:			
	7(a)		
Ordinary		181.6	181.6
Special		605.5	—
		<u>787.1</u>	<u>181.6</u>
Earnings per share (HK\$):			
	8		
Arising from sales of Manhattan Hill properties		HK\$ 7.34	—
Arising from the Group's other operations		HK\$ 0.43	HK\$ 0.42
		<u>HK\$ 7.77</u>	<u>HK\$ 0.42</u>
Dividends per share (HK\$):			
Ordinary		HK\$ 0.45	HK\$ 0.45
Special		HK\$ 1.50	—
		<u>HK\$ 1.95</u>	<u>HK\$ 0.45</u>

The notes on pages 22 to 34 form part of this interim financial report.

CONSOLIDATED BALANCE SHEET**AT 30 JUNE 2007**

	Note	At 30 June 2007 HK\$ million (Unaudited)	At 31 December 2006 HK\$ million (Audited)
Non-current assets			
Fixed assets			
– Investment property under development		74.6	74.6
– Other property, plant and equipment	10	5,118.0	5,304.2
– Interest in leasehold land held for own use under operating leases		83.1	84.2
		<u>5,275.7</u>	<u>5,463.0</u>
Intangible assets		8.7	7.6
Goodwill		49.2	49.2
Media assets		1.3	1.4
Non-current prepayments	11	43.1	47.9
Interest in associates		852.9	834.2
Interest in jointly controlled entities		22.0	22.6
Other financial assets		51.2	46.6
Employee benefit assets		578.6	537.0
Deferred tax assets		13.8	13.8
		<u>6,896.5</u>	<u>7,023.3</u>
Current assets			
Completed property held for sale		347.2	1,433.4
Spare parts and stores		70.9	72.7
Accounts receivable	12	5,613.7	2,179.3
Deposits and prepayments		96.3	98.3
Current taxation recoverable		—	25.3
Pledged bank deposits		40.4	39.5
Cash and cash equivalents	13	1,202.8	1,228.5
		<u>7,371.3</u>	<u>5,077.0</u>
Current liabilities			
Bank loans and overdrafts		2,072.7	1,780.2
Accounts payable and accruals	14	1,426.7	1,628.0
Third party claims payable		242.8	262.9
Current taxation payable		226.9	115.8
		<u>3,969.1</u>	<u>3,786.9</u>
Net current assets		<u>3,402.2</u>	<u>1,290.1</u>
Total assets less current liabilities		<u>10,298.7</u>	<u>8,313.4</u>

CONSOLIDATED BALANCE SHEET

AT 30 JUNE 2007 (continued)

	Note	At 30 June 2007 HK\$ million (Unaudited)	At 31 December 2006 HK\$ million (Audited)
Non-current liabilities			
Bank loans		1,507.5	2,052.5
Contingency provision - insurance		172.2	134.5
Deferred tax liabilities		735.3	758.2
Provision for long service payments		49.4	49.3
		<u>2,464.4</u>	<u>2,994.5</u>
Net assets		<u>7,834.3</u>	<u>5,318.9</u>
Capital and reserves			
Share capital		403.6	403.6
Reserves		7,192.7	4,670.6
Total equity attributable to equity shareholders of the Company	15	<u>7,596.3</u>	<u>5,074.2</u>
Minority interests	15	<u>238.0</u>	<u>244.7</u>
Total equity	15	<u>7,834.3</u>	<u>5,318.9</u>

Approved and authorised for issue by the Board of Directors on 20 September 2007

S.Y. CHUNG

Chairman

John CHAN Cho Chak

Managing Director

The notes on pages 22 to 34 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2007

	Note	Six months ended		Six months ended	
		30 June 2007		30 June 2006	
		HK\$ million	HK\$ million	HK\$ million	HK\$ million
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Total equity at 1 January:					
Attributable to equity					
shareholders of the Company	15	5,074.2		4,032.1	
Minority interests	15	244.7		268.6	
			5,318.9		4,300.7
Net income for the period					
 recognised directly					
 in equity:					
Exchange difference on					
translation of financial					
statements of foreign					
entities	15		22.4		6.5
Profit for the period:					
Attributable to equity					
shareholders of the Company	15	3,137.5		169.9	
Minority interests	15	8.0		25.6	
			3,145.5		195.5
Total recognised income					
 for the period					
			3,167.9		202.0
Attributable to:					
Equity shareholders of					
the Company					
		3,159.9		176.4	
Minority interests		8.0		25.6	
		3,167.9		202.0	

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2007 *(continued)*

	Note	Six months ended 30 June 2007		Six months ended 30 June 2006	
		HK\$ million (Unaudited)	HK\$ million (Unaudited)	HK\$ million (Unaudited)	HK\$ million (Unaudited)
Dividend approved and paid in respect of the previous financial year	7(b), 15		(637.8)		(637.8)
Dividends paid to minority shareholders	15		(14.7)		(10.1)
Loans from minority shareholders transferred to liabilities directly associated with assets of a disposal group held for sale	15		—		(21.5)
Contribution by minority shareholders	15		—		6.6
Total equity at 30 June	15		7,834.3		3,839.9

The notes on pages 22 to 34 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2007

	Note	Six months ended 30 June	
		2007	2006
		HK\$ million	HK\$ million
		(Unaudited)	(Unaudited)
Cash generated from operations		1,128.4	253.0
Tax paid		(20.2)	(25.6)
Net cash generated from operating activities		1,108.2	227.4
Net cash used in investing activities		(256.3)	(225.6)
Net cash (used in)/generated from financing activities		(892.2)	72.0
Net (decrease)/increase in cash and cash equivalents		(40.3)	73.8
Cash and cash equivalents at 1 January		1,196.5	963.5
Effect of foreign exchange rate changes		2.8	1.8
Cash and cash equivalents at 30 June	13	1,159.0	1,039.1

The notes on pages 22 to 34 form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

1 Basis of preparation

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and Hong Kong Accounting Standard (“HKAS”) 34 “Interim financial reporting”, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The accounting policies adopted in the preparation of this interim financial report are consistent with those set out in the Group’s 2006 annual financial statements.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2006 annual financial statements. The consolidated interim financial statements and notes thereto do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

This interim financial report is unaudited, but has been reviewed by the independent auditor, KPMG, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, issued by the HKICPA. KPMG’s independent review report to the Board of Directors is included on page 35. This interim financial report has also been reviewed by the Audit Committee of the Company.

The financial information relating to the financial year ended 31 December 2006 that is included in the interim financial report as being previously reported information does not constitute the Company’s statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2006 are available from the Company’s principal office. The independent auditor has expressed an unqualified opinion on those financial statements in the independent auditor’s report dated 22 March 2007.

2 Turnover

Turnover comprises revenue from the operation of franchised public bus and non-franchised transport services, revenue from sales of properties and media sales revenue recognised during the period and is analysed as follows:

	Six months ended 30 June	
	2007	2006
	HK\$ million	HK\$ million
	(Unaudited)	(Unaudited)
Fare revenue from franchised public bus services	2,986.6	2,955.1
Revenue from non-franchised transport services	183.0	156.5
Revenue from sales of properties	4,458.3	—
Media sales revenue	88.2	111.5
	<u>7,716.1</u>	<u>3,223.1</u>

3 Other net income

	Six months ended 30 June	
	2007	2006
	HK\$ million	HK\$ million
	(Unaudited)	(Unaudited)
Interest income	56.1	13.8
Claims received	10.3	10.8
Net exchange gain/(loss)	3.7	(0.5)
Net gain on disposal of plant and equipment	3.2	3.1
Gain on disposal of media assets	—	43.2
Net realised and unrealised gain on investments		
in securities carried at fair value	—	4.7
Dividend income from listed securities	—	0.6
Net miscellaneous business receipts	2.7	2.6
Sundry revenue	6.5	5.8
	<u>82.5</u>	<u>84.1</u>

4 Staff costs

	Six months ended 30 June	
	2007	2006
	HK\$ million	HK\$ million
	(Unaudited)	(Unaudited)
Contributions to defined contribution retirement plans	26.3	23.9
Deemed income recognised in respect of defined benefit retirement plans	(41.7)	(27.1)
Movements in provision for long service payments	3.9	2.2
Retirement costs	(11.5)	(1.0)
Salaries, wages and other benefits	1,477.0	1,484.5
	<u>1,465.5</u>	<u>1,483.5</u>

5 Finance costs

	Six months ended 30 June	
	2007	2006
	HK\$ million	HK\$ million
	(Unaudited)	(Unaudited)
Interest on bank loans, overdrafts and other unsecured loans wholly repayable within five years	71.0	65.6
Less: borrowing costs capitalised into property under development	—	(15.2)
	<u>71.0</u>	<u>50.4</u>

6 Income tax

	Six months ended 30 June	
	2007	2006
	HK\$ million	HK\$ million
	(Unaudited)	(Unaudited)
Current tax		
Provision for Hong Kong Profits Tax for the period	156.2	43.0
Provision for the People's Republic of China ("PRC") income tax for the period	0.3	3.4
	<u>156.5</u>	<u>46.4</u>
Deferred tax		
Origination and reversal of temporary differences	(22.9)	(12.5)
	<u>133.6</u>	<u>33.9</u>

The provision for Hong Kong Profits Tax is calculated at 17.5% (2006: 17.5%) of the estimated assessable profits for the six months ended 30 June 2007. Taxation for subsidiaries in the PRC is charged at the appropriate current rates of taxation ruling in the PRC.

7 Dividends

(a) *Dividends attributable to the interim period:*

	Six months ended 30 June	
	2007	2006
	HK\$ million	HK\$ million
	(Unaudited)	(Unaudited)
Dividends declared after the interim period end:		
Ordinary interim dividend of HK\$0.45 per share (2006: HK\$0.45 per share)	181.6	181.6
Special interim dividend of HK\$1.50 per share (2006: Nil)	605.5	—
	<u>787.1</u>	<u>181.6</u>

The dividends have not been recognised as a liability at the balance sheet date.

7 Dividends *(continued)*

(b) Dividend attributable to the previous financial year, approved and paid during the interim period:

	Six months ended 30 June	
	2007	2006
	HK\$ million	HK\$ million
	(Unaudited)	(Unaudited)
Final dividend in respect of the financial year ended 31 December 2006, approved and paid during the following interim period, of HK\$1.58 per share (year ended 31 December 2005: HK\$1.58 per share)	<u>637.8</u>	<u>637.8</u>

8 Earnings per share

(a) *Basic earnings per share*

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of HK\$3,137.5 million (six months ended 30 June 2006: HK\$169.9 million) and 403.6 million shares in issue during the two interim periods. The calculation of basic earnings per share arising from sales of Manhattan Hill properties and the Group's other operations is based on profits arising from the respective operations of HK\$2,961.9 million (six months ended 30 June 2006: Nil) and HK\$175.6 million (six months ended 30 June 2006: HK\$169.9 million) respectively and 403.6 million shares in issue during the two interim periods.

(b) *Diluted earnings per share*

Diluted earnings per share for the six months ended 30 June 2007 and 2006 are not presented as there are no dilutive potential ordinary shares as at the period ends.

9 Segment reporting

The Group's primary format for reporting segment information is business segments. Revenue from external customers (turnover) represents revenue from transport operations, revenue from sales of properties and media sales revenue.

	Transport operations		Media sales business		Property holdings and development		Inter-segment elimination		Consolidated	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue from external customers	3,169.6	3,111.6	88.2	111.5	4,458.3	—	—	—	7,716.1	3,223.1
Inter-segment revenue	—	—	11.6	11.4	—	—	(11.6)	(11.4)	—	—
Other revenue from external customers	17.4	16.2	1.5	1.8	—	—	—	—	18.9	18.0
Total	3,187.0	3,127.8	101.3	124.7	4,458.3	—	(11.6)	(11.4)	7,735.0	3,241.1
Segment result	206.8	177.0	32.2	66.3	3,056.1	—	—	—	3,295.1	243.3
Unallocated net operating income									48.6	12.7
Profit from operations									3,343.7	256.0

10 Other property, plant and equipment

Acquisitions and disposals

During the six months ended 30 June 2007, the Group acquired property, plant and equipment with a cost of HK\$262.3 million (six months ended 30 June 2006: HK\$297.5 million). Certain items of plant and equipment with nil net book value were disposed of during the six months ended 30 June 2007 (six months ended 30 June 2006: Nil), resulting in a gain on disposal of HK\$3.2 million (six months ended 30 June 2006: HK\$3.1 million).

11 Non-current prepayments

Non-current prepayments mainly represent advance payments for media programme placement on transit vehicles and transit network furniture.

12 Accounts receivable

	At 30 June 2007 HK\$ million (Unaudited)	At 31 December 2006 HK\$ million (Audited)
Instalments receivable from sales of properties	5,409.3	1,855.7
Trade and other receivables	201.5	321.2
Interest receivable	2.6	1.6
Derivative financial instruments	0.3	0.8
	<u>5,613.7</u>	<u>2,179.3</u>

All of the accounts receivable are expected to be recovered within one year.

Included in accounts receivable are trade receivables and instalments receivable from sales of properties (net of impairment losses for doubtful debts) with the following ageing analysis as of the balance sheet date:

	At 30 June 2007 HK\$ million (Unaudited)	At 31 December 2006 HK\$ million (Audited)
Current	5,515.8	2,003.4
1 to 3 months overdue	11.9	15.8
More than 3 months overdue	11.2	9.8
	<u>5,538.9</u>	<u>2,029.0</u>

Trade receivables are normally due within 30 to 90 days from the date of billing. Consideration in respect of sold properties is payable by the purchasers pursuant to the terms of the sale and purchase agreements. For instalments receivable from sales of properties, the properties sold serve as the collateral.

13 Cash and cash equivalents

	At 30 June 2007 HK\$ million (Unaudited)	At 31 December 2006 HK\$ million (Audited)
Cash at bank and in hand	87.5	108.3
Bank deposits	1,115.3	1,120.2
	<hr/>	<hr/>
Cash and cash equivalents in the consolidated balance sheet	1,202.8	1,228.5
Less: Bank deposits maturing in over three months	(34.8)	(10.4)
Bank overdrafts	(9.0)	(21.6)
	<hr/>	<hr/>
Cash and cash equivalents in the consolidated cash flow statement	1,159.0	1,196.5
	<hr/>	<hr/>

14 Accounts payable and accruals

	At 30 June 2007 HK\$ million (Unaudited)	At 31 December 2006 HK\$ million (Audited)
Trade payables	99.0	253.3
Other payables and accruals	1,327.7	1,374.7
	<hr/>	<hr/>
	1,426.7	1,628.0
	<hr/>	<hr/>

All of the accounts payable and accruals, except for other payables and accruals of HK\$26.1 million (31 December 2006: HK\$33.7 million), are expected to be settled within one year.

Included in accounts payable and accruals are trade payables with the following ageing analysis as of the balance sheet date:

	At 30 June 2007 HK\$ million (Unaudited)	At 31 December 2006 HK\$ million (Audited)
Due within 1 month or on demand	92.6	196.9
Due after 1 month but within 3 months	4.6	54.6
Due after more than 3 months	1.8	1.8
	<hr/>	<hr/>
	99.0	253.3
	<hr/>	<hr/>

15 Capital and reserves

(Unaudited)										
Attributable to equity shareholders of the Company										
Note	Share capital	Capital reserve	General reserve	Staff		Exchange reserve	Retained profits	Total	Minority interests	Total equity
				fund reserve	retirement fund					
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
At 1 January 2006	403.6	2.4	17.8	1,082.6		17.1	2,508.6	4,032.1	268.6	4,300.7
Dividend approved in respect of the previous year	7(b)	—	—	—	—	—	(637.8)	(637.8)	—	(637.8)
Dividends paid to minority shareholders		—	—	—	—	—	—	—	(10.1)	(10.1)
Transfer to assets of a disposal group held for sale		—	—	—	—	(2.3)	2.3	—	—	—
Loans from minority shareholders transferred to liabilities directly associated with assets of a disposal group held for sale		—	—	—	—	—	—	—	(21.5)	(21.5)
Contribution by minority shareholders		—	—	—	—	—	—	—	6.6	6.6
Exchange difference on translation of financial statements of foreign entities		—	—	—	—	6.5	—	6.5	—	6.5
Profit for the period		—	—	—	—	—	169.9	169.9	25.6	195.5
At 30 June 2006	403.6	2.4	17.8	1,082.6		21.3	2,043.0	3,570.7	269.2	3,839.9
At 1 July 2006	403.6	2.4	17.8	1,082.6		21.3	2,043.0	3,570.7	269.2	3,839.9
Dividends paid to minority shareholders		—	—	—	—	—	—	—	(2.9)	(2.9)
Exchange difference on translation of financial statements of foreign entities		—	—	—	—	17.8	—	17.8	—	17.8
Disposal of subsidiaries		—	—	—	—	1.5	(2.3)	(0.8)	(27.4)	(28.2)
Profit for the period		—	—	—	—	—	1,668.1	1,668.1	5.8	1,673.9
Dividend approved in respect of the current year	7(a)	—	—	—	—	—	(181.6)	(181.6)	—	(181.6)
At 31 December 2006	403.6	2.4	17.8	1,082.6		40.6	3,527.2	5,074.2	244.7	5,318.9

15 Capital and reserves (continued)

(Unaudited)										
Attributable to equity shareholders of the Company										
Note	Share capital	Capital reserve	General reserve	Staff		Exchange reserve	Retained profits	Total	Minority interests	Total equity
				retirement fund	reserve					
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
At 1 January 2007	403.6	2.4	17.8	1,082.6	40.6	3,527.2	5,074.2	244.7	5,318.9	
Dividend approved in respect of the previous year	7(b)	—	—	—	—	(637.8)	(637.8)	—	(637.8)	
Dividends paid to minority shareholders		—	—	—	—	—	—	(14.7)	(14.7)	
Exchange difference on translation of financial statements of foreign entities		—	—	—	22.4	—	22.4	—	22.4	
Profit for the period		—	—	—	—	3,137.5	3,137.5	8.0	3,145.5	
At 30 June 2007	403.6	2.4	17.8	1,082.6	63.0	6,026.9	7,596.3	238.0	7,834.3	

16 Capital commitments

Capital commitments outstanding at 30 June 2007 but not provided for in the interim financial report were as follows:

	At 30 June 2007 HK\$ million (Unaudited)	At 31 December 2006 HK\$ million (Audited)
Contracted for	109.6	295.3
Authorised but not contracted for	173.0	195.9
	<u>282.6</u>	<u>491.2</u>

17 Material related party transactions

Nature of transaction	Note	Six months ended 30 June	
		2007 HK\$ million (Unaudited)	2006 HK\$ million (Unaudited)
Service fees for provision of coach services	(a)	13.2	13.3
Insurance service fee	(b)	35.1	42.9
Amount accrued for management contractor services fee for property under development	(c)	37.2	226.3
Amount accrued for letting and sales agency fee	(d)	27.8	—
Estimated Entitled Net Return for provision of transport services	(e)	<u>4.1</u>	<u>5.0</u>

Notes:

- (a) During the period, the Group provided coach services to certain subsidiaries of Sun Hung Kai Properties Limited (“SHKP”) under the same terms as those available to other customers in the ordinary course of business. Amounts due from these companies at 30 June 2007 amounted to HK\$7.5 million (31 December 2006: HK\$7.0 million).
- (b) During the period, the Group entered into a contract with a subsidiary of SHKP, Sun Hung Kai Properties Insurance Limited (“SHKPI”), for the provision of insurance services to the Group for the year ending 31 December 2007. SHKPI entered into the contract with the Group under the same terms as those available to other customers in the ordinary course of business. During the period, insurance premium paid to SHKPI amounted to HK\$68.5 million (six months ended 30 June 2006: HK\$81.1 million) of which HK\$35.1 million was in respect of the six months ended 30 June 2007 (six months ended 30 June 2006: HK\$42.9 million). There was no outstanding balance due to SHKPI at 30 June 2007 and 31 December 2006.
- (c) In 2003, Lai Chi Kok Properties Investment Limited (“LCKPI”), an indirectly wholly-owned subsidiary of the Company, entered into a prime cost contract (“the Prime Cost Contract”) with Chun Fai Construction Co. Ltd. (“Chun Fai”), a subsidiary of SHKP, for the provision of management contractor services relating to the property under development of the Group (“Manhattan Hill”). In 2004, a supplementary agreement to the Prime Cost Contract (“the Supplementary Agreement”) was entered into between LCKPI and Chun Fai for the purposes of upgrading the design, materials and quality of the workmanship of Manhattan Hill. Pursuant to the Prime Cost Contract, as supplemented by the Supplementary Agreement, the aggregate consideration payable to Chun Fai should not exceed HK\$1,617.7 million. The outstanding balance payable for this contract at 30 June 2007 amounted to HK\$371.8 million (31 December 2006: HK\$545.9 million).

17 Material related party transactions *(continued)*

Notes: *(continued)*

- (d) LCKPI entered into a Letting and Sales Agency Agreement (the “Original Agreement”) with Sun Hung Kai Real Estate Agency Limited (“SHKRE”), a subsidiary of SHKP, on 17 July 2003 to appoint SHKRE for the provision of letting and sales agency and marketing services for the residential units, commercial units and the car parking spaces of Manhattan Hill. On 15 August 2007, the Original Agreement was terminated and replaced by a Letter Agreement pursuant to which LCKPI continues to appoint SHKRE as the letting and sales agent of Manhattan Hill under the same terms and conditions of the Original Agreement except that the maximum amount of the agency fees payable under the Original Agreement and the Letter Agreement shall, altogether, not exceed HK\$65.0 million. The amount payable to SHKRE at 30 June 2007 was HK\$24.9 million (31 December 2006: HK\$13.6 million).
- (e) On 23 May 2001, an indirectly wholly-owned subsidiary of the Company, Park Island Transport Company Limited (“PITC”), entered into a contract with Sun Hung Kai (Ma Wan) Transport Company Limited (“SHKMW”), a wholly-owned subsidiary of SHKP, for the provision of transport services for Ma Wan Island in Hong Kong. Under the terms of the contract (“the Transport Agreement”), PITC shall be entitled to a return lying within the range of 9% and 16% per annum of the simple arithmetic average of the opening balance and the closing balance of the net book value of PITC’s fixed assets with respect to the accounting year concerned (“the Entitled Net Return”).

On 6 December 2005, PITC entered into a Supplemental Letter with SHKMW to amend certain terms and conditions of the Transport Agreement whereby the operating term of the Transport Agreement was extended for a period of one year from 14 December 2005 to 13 December 2006 and the Entitled Net Return of the Transport Agreement was changed to lie within the range of 8% and 14% per annum.

Further, on 28 November 2006, PITC entered into another Supplemental Letter with SHKMW to amend certain terms and conditions of the Transport Agreement whereby the operating term of the Transport Agreement was extended for a period of one year from 14 December 2006 to 13 December 2007 and the Entitled Net Return of the Transport Agreement was changed to lie within the range of 7% and 14% per annum.

The amount receivable from SHKMW at 30 June 2007 under this contract was HK\$30.0 million (31 December 2006: HK\$68.6 million).

18 Possible impact of amendments, new standards and interpretations issued but not yet effective for the annual accounting period ending 31 December 2007

Up to the date of issue of this interim financial report, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the accounting period ending 31 December 2007 and which have not been adopted in this interim financial report.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a material impact on the Group's results of operations and financial position.

In addition, the following development may result in new or amended disclosures in the Group's annual financial statements:

		Effective for accounting periods beginning on or after
HKFRS 8	Operating segments	1 January 2009

REVIEW REPORT TO THE BOARD OF DIRECTORS OF TRANSPORT INTERNATIONAL HOLDINGS LIMITED

Introduction

We have reviewed the interim financial report set out on pages 15 to 34 which comprises the consolidated balance sheet of Transport International Holdings Limited and its subsidiaries as of 30 June 2007 and the related consolidated income statement, consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants. The Directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of interim financial information performed by the independent auditor of the entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2007 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim financial reporting”.

KPMG

Certified Public Accountants

8th Floor, Prince’s Building

10 Chater Road

Central, Hong Kong

20 September 2007

CORPORATE DIRECTORY

BOARD OF DIRECTORS

The Hon Sir Sze-yuen CHUNG*

GBM, GBE, PhD, FREng, JP
Chairman

Dr Norman LEUNG Nai Pang*

GBS, JP, LLD, BA
Deputy Chairman

KWOK Ping-luen, Raymond

JP, MA(Cantab), MBA, Hon DBA, Hon LLD

KWOK Ping-sheung, Walter

JP, MSc(Lond), DIC, MICE

NG Siu Chan**William LOUEY Lai Kuen**

BSc(Econ)

John CHAN Cho Chak

GBS, JP, DBA(Hon), BA,
DipMS, CCMI, FCILT, FHKIoD
Managing Director

Charles LUI Chung Yuen

M.H., BEc, AASA, FCILT
Executive Director

Winnie NG

BA, MBA(Chicago), MPA(Harvard),
FCIM, CMILT, MHKIoD
Executive Director and
Alternate Director to Mr NG Siu Chan

Dr KUNG Ziang Mien, James*

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MSc(Lond), BSc(Eng), DIC, FICE, CEng, PEng, FITE

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Edmond HO Tat Man

MA(Cantab), MBA, CMILT, MHKIoD
Deputy Managing Director

SIU Kwing-chue, Gordon*

GBS, CBE, JP, MSS(Birmingham, UK)

KUNG Lin Cheng, Leo

(Alternate Director to
Dr KUNG Ziang Mien, James*, GBS, OBE)

YUNG Wing Chung

(Alternate Director to
Mr KWOK Ping-luen, Raymond, JP)

WONG On Ning, Orlena

(Alternate Director to
Mr KWOK Ping-sheung, Walter, JP)

(* Independent Non-executive Directors of the
Company)

BOARD COMMITTEES

Audit Committee

Dr Eric LI Ka Cheung[#]
Dr KUNG Ziang Mien, James
George CHIEN Yuan Hwei

Nomination Committee

Dr Norman LEUNG Nai Pang[#]
Dr KUNG Ziang Mien, James
Dr Eric LI Ka Cheung
SIU Kwing-chue, Gordon

Remuneration Committee

Dr Norman LEUNG Nai Pang[#]
Dr KUNG Ziang Mien, James
Dr Eric LI Ka Cheung

Standing Committee

Dr Norman LEUNG Nai Pang[#]
KWOK Ping-luen, Raymond
NG Siu Chan
John CHAN Cho Chak
Charles LUI Chung Yuen

([#] Committee Chairman)

COMPANY SECRETARY

Lana WOO

MBA, BA, AAT, CGA, ACIS, MIFC, CFC

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Rosebank Centre
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Pembroke, HM 08, Bermuda

AUDITOR

KPMG

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Central, Hong Kong

REGISTER OF MEMBERS

Book closed from 8 October 2007 to
10 October 2007, both dates inclusive

DIVIDENDS

Interim

HK\$0.45 per share, payable on 17 October 2007

Special

HK\$1.50 per share, payable on 17 October 2007

STOCK CODE

The Stock Exchange of Hong Kong: 062
Bloomberg: 62HK
Reuters: 0062.HK

This Interim Report is also available on our corporate website: www.tih.hk

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