



香港中旅國際投資有限公司

CHINA TRAVEL INTERNATIONAL INVESTMENT HONG KONG LIMITED



Interim Report
2007

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CORPORATE INFORMATION

DIRECTORS

Zhang Xuewu (*Chairman*)
Xiong Weiping (*Vice Chairman, General Manager*)
Zheng Heshui (*Vice Chairman*)
Lo Sui On (*Vice Chairman*)
Jiang Yan
Mao Jianjun
Zhang Fengchun
Wei Qing (appointed on 31 August 2007)
Zheng Hongqing (resigned on 8 June 2007)
Ng Chi Man, Michael (resigned on 31 May 2007)
Liu Li (resigned on 31 August 2007)
Fong Yun Wah*
Wong Man Kong, Peter*
Sze, Robert Tsai To*
Chan Wing Kee* (appointed on 21 August 2007)
Yeh Meou Tsen, Geoffrey* (resigned on 15 July 2007)
Yeh V Nee* (Alternate Director to Yeh Meou Tsen, Geoffrey)
(resigned on 15 July 2007)

* *Independent Non-Executive Director*

COMPANY SECRETARY

Woo Wai See, Alice

AUDIT COMMITTEE

Wong Man Kong, Peter (*Chairman*)
Sze, Robert Tsai To
Chan Wing Kee (appointed on 21 August 2007)
Yeh Meou Tsen, Geoffrey (resigned on 15 July 2007)
Yeh V Nee (Alternate Director to Yeh Meou Tsen, Geoffrey)
(resigned on 15 July 2007)

REMUNERATION COMMITTEE

Wong Man Kong, Peter (*Chairman*)
Sze, Robert Tsai To
Chan Wing Kee (appointed on 21 August 2007)
Yeh Meou Tsen, Geoffrey (resigned on 15 July 2007)
Yeh V Nee (Alternate Director to Yeh Meou Tsen, Geoffrey)
(resigned on 15 July 2007)

AUDITORS

Ernst & Young

LEGAL ADVISORS

Johnson Stokes & Master

REGISTERED OFFICE

12th Floor, CTS House
78-83 Connaught Road Central,
Hong Kong

FINANCIAL CALENDAR AND INVESTOR RELATION INFORMATION

Announcement of 2007 Interim Results	3 September 2007
Announcement of 2006 Final Results	12 April 2007
Announcement of 2006 Interim Results	5 September 2006
Announcement of 2005 Final Results	28 March 2006
Announcement of 2005 Interim Results	21 September 2005
Dividends – 2007 Interim	HK 3 cents per share payable on 4 October 2007
2006 Final	HK 1 cent per share paid on 28 June 2007
2006 Interim	HK 2 cents per share paid on 20 October 2006
2005 Final	HK 3 cents per share paid on 26 May 2006
2005 Interim	HK 3 cents per share paid on 28 October 2005
Closure of Register of Members for 2007 Interim Dividend	Period from 20 September 2007 to 24 September 2007
Annual General Meeting	15 June 2007
Website address	irasia.com/listco/hk/ctii
Stock Code	00308
Board Lot	2,000 shares
Financial Year End	31 December
Share Registrar	Tricor Tengis Limited 26/F Tesbury Centre 28 Queen's Road East Hong Kong Tel No. 2980 1333

INTERIM RESULTS

The Board of Directors (“the Board”) of China Travel International Investment Hong Kong Limited (“the Company”) presents the unaudited condensed consolidated results of the Company and its subsidiaries (“the Group”) for the six months ended 30 June 2007 together with the comparative figures.

Condensed Consolidated Income Statement

For the six months ended 30 June 2007

		For the six months ended 30 June	
	<i>Notes</i>	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
REVENUE	2	3,674,101	3,162,124
Cost of sales		(2,796,432)	(2,396,733)
Gross profit		877,669	765,391
Other income and gains	3	51,967	56,217
Selling and distribution costs		(186,968)	(130,823)
General and administrative expenses		(466,719)	(458,779)
Revaluation surplus of investment properties, net		6,267	5,461
Revaluation surplus of hotel properties, net		2,541	7,660
Finance costs	4	(16,347)	(49,612)
Share of profits and losses of:			
Jointly-controlled entities		141,003	80,811
Associates		31,250	30,340
PROFIT BEFORE TAX	5	440,663	306,666
Tax	6	(77,697)	(54,743)
PROFIT FOR THE PERIOD		362,966	251,923
ATTRIBUTABLE TO:			
Equity holders of the parent		316,924	210,748
Minority interests		46,042	41,175
		362,966	251,923
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (HK CENTS)			
Basic	7	5.56	4.03
DIVIDEND PER SHARE (HK CENTS)	8	3.00	2.00

Condensed Consolidated Balance Sheet

30 June 2007

	<i>Notes</i>	30 June 2007 (Unaudited) HK\$'000	31 December 2006 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		4,526,016	4,464,151
Investment properties		246,352	240,085
Prepaid land lease payments		3,038,182	3,056,985
Goodwill		1,244,769	1,244,769
Interests in jointly-controlled entities		1,237,331	1,151,917
Interests in associates		448,868	418,996
Available-for-sale investments	9	21,828	18,898
Held-to-maturity investments	10	15,661	15,547
Deferred tax assets		12,190	11,839
Total non-current assets		10,791,197	10,623,187
CURRENT ASSETS			
Inventories		18,979	17,831
Trade receivables	11	811,135	704,253
Tax recoverable		3,441	2,974
Prepayments, deposits and other receivables		464,445	356,255
Pledged time deposits		5,132	4,176
Cash and cash equivalents	12	2,186,091	2,157,297
Amount due from the ultimate holding company		26,369	23,202
Amounts due from fellow subsidiaries		4,180	3,279
Total current assets		3,519,772	3,269,267

Condensed Consolidated Balance Sheet (Continued)

30 June 2007

	Notes	30 June 2007 (Unaudited) HK\$'000	31 December 2006 (Audited) HK\$'000
CURRENT LIABILITIES			
Trade payables	13	752,836	731,617
Tax payable		86,868	45,093
Other payables and accruals		795,522	822,234
Interest-bearing bank and other borrowings		185,979	179,733
Amount due to the ultimate holding company		-	1,421
Amounts due to fellow subsidiaries		-	3,138
Total current liabilities		1,821,205	1,783,236
NET CURRENT ASSETS		1,698,567	1,486,031
TOTAL ASSETS LESS CURRENT LIABILITIES		12,489,764	12,109,218
NON-CURRENT LIABILITIES AND DEFERRED INCOME			
Deferred income		147,693	149,002
Interest-bearing bank and other borrowings		510,026	504,843
Deferred tax liabilities		362,581	361,966
Total non-current liabilities and deferred income		1,020,300	1,015,811
Net assets		11,469,464	11,093,407
EQUITY			
Issued capital	14	569,536	569,536
Reserves	15	10,291,390	10,023,435
Proposed dividend		170,861	56,954
Equity attributable to equity holders of the parent		11,031,787	10,649,925
Minority interests	15	437,677	443,482
Total equity		11,469,464	11,093,407

Condensed Consolidated Summary Statement of Changes in Equity

For the six months ended 30 June 2007

	Notes	For the six months ended 30 June	
		2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
Total equity at 1 January:		11,093,407	9,863,019
Changes in equity during the period:			
Exchange differences arising on translating foreign operations attributable to:			
– Equity holders of the parent	15	107,341	25,246
– Minority interests	15	15,688	4,053
		123,029	29,299
Share of reserve of an associate	15	11,996	(1,086)
Surplus/(deficit) on revaluation of hotel properties, net of deferred tax	15	(222)	2,526
Fair value gain on available-for-sale investments	15	2,777	–
Net income and expense recognised directly in equity		137,580	30,739
Profit for the period		362,966	251,923
Total recognised income and expense for the period		500,546	282,662
Contribution from minority shareholders	15	600	–
Dividend paid to ordinary equity holders of the parent		(56,954)	(166,974)
Dividend paid to minority shareholders	15	(68,135)	(33,044)
Disposal of interest in a subsidiary	15	–	3,130
Issue of new shares		–	65,651
Premium on issue of new shares	15	–	924,368
Total equity at 30 June		11,469,464	10,938,812
Total recognised income and expense for the period attributable to:			
– Equity holders of the parent		438,816	237,434
– Minority interests		61,730	45,228
		500,546	282,662

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2007

	For the six months ended 30 June	
	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	186,658	232,746
NET CASH INFLOW FROM INVESTING ACTIVITIES	391,726	123,660
NET CASH (OUTFLOW)/INFLOW FROM FINANCING ACTIVITIES	(75,585)	753,349
NET INCREASE IN CASH AND CASH EQUIVALENTS	502,799	1,109,755
Cash and cash equivalents at beginning of period	1,487,979	1,923,003
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,990,778	3,032,758
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	846,998	1,183,049
Non-pledged time deposits with original maturity of less than three months when acquired	1,143,780	1,849,709
	1,990,778	3,032,758

NOTES TO CONDENSED INTERIM FINANCIAL INFORMATION

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed interim financial information has been prepared in accordance with the applicable requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants.

This condensed interim financial information should be read in conjunction with the financial statements for the year ended 31 December 2006.

The accounting policies and methods of computation used in the preparation of this unaudited condensed interim financial information are consistent with those adopted in the annual financial statements for the year ended 31 December 2006 except in relation to the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”, which also include HKASs and Interpretations) that are adopted for the first time for the current period’s financial information.

- | | |
|--------------------|--|
| • HKAS 1 Amendment | Capital Disclosures |
| • HKFRS 7 | Financial Instruments: Disclosures |
| • HK(IFRIC)-Int 7 | Applying the Restatement Approach under HKAS 29
<i>Financial Reporting in Hyperinflationary Economies</i> |
| • HK(IFRIC)-Int 8 | Scope of HKFRS 2 |
| • HK(IFRIC)-Int 9 | Reassessment of Embedded Derivatives |
| • HK(IFRIC)-Int 10 | Interim Financial Reporting and Impairment |

The adoption of the above-mentioned accounting standards does not have significant impact on the Group as at the date of the condensed interim financial information.

NOTES TO CONDENSED INTERIM FINANCIAL INFORMATION (continued)

2. SEGMENT INFORMATION

The Company is an investment holding company and the Group principally operates in eight business segments as described below. The analysis of the Group's revenue and results by business segments and the Group's revenue by geographical segments are as follows:

(a) Business segments

The following tables present revenue and results of the Group's business segments for the six months ended 30 June 2007 and 2006.

	Passenger transportation services 2007 (Unaudited) HK\$'000	Tourist attraction operations 2007 (Unaudited) HK\$'000	Freight forwarding and trans- portation services 2007 (Unaudited) HK\$'000	Hotel operations 2007 (Unaudited) HK\$'000	Travel and travel- related operations 2007 (Unaudited) HK\$'000	Golf club operations 2007 (Unaudited) HK\$'000	Power generation 2007 (Unaudited) HK\$'000	Hot spring resort 2007 (Unaudited) HK\$'000	Corporate and others 2007 (Unaudited) HK\$'000	Eliminations 2007 (Unaudited) HK\$'000	Consolidated 2007 (Unaudited) HK\$'000
Segment revenue:											
Sales to external customers	149,310	220,230	1,547,424	231,015	1,324,802	29,516	-	163,206	8,598	-	3,674,101
Intersegment revenue	241	1,785	-	3,444	7,466	-	-	3,337	15,485	(31,758)	-
Other income and gains	3,085	118	6,284	3,924	7,679	-	-	354	4,127	-	25,571
Total	152,636	222,133	1,553,708	238,383	1,339,947	29,516	-	166,897	28,210	(31,758)	3,699,672
Segment results	28,756	87,740	43,183	53,565	56,569	2,514	(434)	(839)	(12,693)	-	258,361
Interest income											26,396
Finance costs											(16,347)
Share of profits and losses of:											
Jointly-controlled entities	-	-	-	-	869	-	140,134	-	-	-	141,003
Associates	31,250	-	-	-	-	-	-	-	-	-	31,250
Profit before tax											440,663
Tax											(77,697)
Profit for the period											362,966

NOTES TO CONDENSED INTERIM FINANCIAL INFORMATION (continued)

2. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

	Passenger transportation services 2006 (Unaudited) HK\$'000	Tourist attraction operations 2006 (Unaudited) HK\$'000	Freight forwarding and trans- portation services 2006 (Unaudited) HK\$'000	Hotel operations 2006 (Unaudited) HK\$'000	Travel and travel- related operations 2006 (Unaudited) HK\$'000	Golf club operations 2006 (Unaudited) HK\$'000	Power generation 2006 (Unaudited) HK\$'000	Hot spring resort 2006 (Unaudited) HK\$'000	Corporate and others 2006 (Unaudited) HK\$'000	Eliminations 2006 (Unaudited) HK\$'000	Consolidated 2006 (Unaudited) HK\$'000
Segment revenue:											
Sales to external customers	132,177	205,447	1,312,472	203,034	1,118,707	25,209	-	157,823	7,255	-	3,162,124
Intersegment revenue	463	1,100	-	2,049	4,945	-	-	-	16,138	(24,695)	-
Other income and gains	3,499	954	1,495	2,682	7,967	-	144	840	5,757	-	23,338
Total	136,139	207,501	1,313,967	207,765	1,131,619	25,209	144	158,663	29,150	(24,695)	3,185,462
Segment results	24,557	77,834	36,304	35,488	85,992	(344)	(396)	(40,726)	(6,461)	-	212,248
Interest income											32,879
Finance costs											(49,612)
Share of profits and losses of:											
Jointly-controlled entities	-	-	-	-	568	-	80,243	-	-	-	80,811
Associates	30,340	-	-	-	-	-	-	-	-	-	30,340
Profit before tax											306,666
Tax											(54,743)
Profit for the period											251,923

NOTES TO CONDENSED INTERIM FINANCIAL INFORMATION (continued)

2. SEGMENT INFORMATION (continued)

(b) Geographical segments

The following table presents revenue of the Group's geographical segments for the six months ended 30 June 2007 and 2006.

	Hong Kong		Mainland China (including Macau)		Overseas		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Segment revenue:								
Sales to external customers	944,043	866,133	2,514,728	2,094,407	215,330	201,584	3,674,101	3,162,124
Other income and gains	19,982	15,183	4,520	4,867	1,069	3,288	25,571	23,338
	964,025	881,316	2,519,248	2,099,274	216,399	204,872	3,699,672	3,185,462

3. OTHER INCOME AND GAINS

	For the six months ended 30 June	
	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
Interest income	26,396	32,879
Rental income	4,943	4,864
Management fee income	1,010	924
Exchange gains, net	7,316	8,926
Gain on disposal of property, plant and equipment, net	168	1,756
Dividend income	–	18
Commission income	580	1,812
Compensation income	3,806	–
Others	7,748	5,038
	51,967	56,217

NOTES TO CONDENSED INTERIM FINANCIAL INFORMATION *(continued)*

4. FINANCE COSTS

	For the six months ended 30 June	
	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
Interest expenses on:		
Bank loans, overdrafts and other loans wholly repayable		
– within five years	16,347	49,541
– after five years	–	71
	16,347	49,612

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
Depreciation:		
– Hotel properties	22,921	17,869
– Other property, plant and equipment	126,142	135,759
Amortisation on prepaid land lease payments	30,360	29,075
Revaluation surplus of investment properties, net	(6,267)	(5,461)
Revaluation surplus of hotel properties, net	(2,541)	(7,660)

NOTES TO CONDENSED INTERIM FINANCIAL INFORMATION *(continued)*

6. TAX

	For the six months ended 30 June	
	2007	2006
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Current:		
The People's Republic of China:		
Hong Kong	52,672	33,015
Elsewhere	25,326	19,264
Overseas	486	385
Overprovision in prior years	(832)	(204)
Deferred tax	45	2,283
Tax charge for the period	77,697	54,743

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

Share of tax attributable to jointly-controlled entities and associates amounting to HK\$28,691,000 and HK\$4,640,000, respectively (2006: HK\$15,787,000 and HK\$2,900,000, respectively) are included in "Share of profits and losses of jointly-controlled entities/associates" on the face of the condensed consolidated income statement.

7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent of HK\$316,924,000 (2006: HK\$210,748,000) and the weighted average of 5,695,355,525 (2006: 5,232,519,970) ordinary shares in issue during the period.

Diluted earnings per share amount for the period ended 30 June 2007 and 30 June 2006 equal to that of basic earnings per share and has not been presented, as no diluting events/effects existed during the periods.

8. INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK3 cents (2006: HK2 cents) per share for the period ended 30 June 2007. The interim dividend will be paid to the shareholders whose names appear on the Register of Members of the Company at the close of business on Monday, 24 September 2007. The interim dividend will be paid on or around Thursday, 4 October 2007.

NOTES TO CONDENSED INTERIM FINANCIAL INFORMATION (continued)

9. AVAILABLE-FOR-SALE INVESTMENTS

	30 June 2007 (Unaudited) HK\$'000	31 December 2006 (Audited) HK\$'000
Listed equity investments outside Hong Kong, at fair value	3,158	370
Unlisted equity investments, at cost	18,670	18,528
	21,828	18,898

10. HELD-TO-MATURITY INVESTMENTS

	30 June 2007 (Unaudited) HK\$'000	31 December 2006 (Audited) HK\$'000
Unlisted debt investments, at amortised cost	15,661	15,547

11. TRADE RECEIVABLES

The Group allows an average credit period ranging from 30 to 90 days to its trade debtors. An aged analysis of the trade receivables as at the balance sheet date, based on the invoice date and net of provisions for doubtful debts, is as follows:

	30 June 2007 (Unaudited) HK\$'000	31 December 2006 (Audited) HK\$'000
Outstanding balances with age:		
Less than 1 month	472,956	400,412
Within:		
1-3 months	279,553	245,689
4-6 months	34,073	45,586
7-12 months	20,261	7,968
1-2 years	2,377	3,932
Over 2 years	1,915	666
	811,135	704,253

NOTES TO CONDENSED INTERIM FINANCIAL INFORMATION (continued)

12. CASH AND CASH EQUIVALENTS

	30 June 2007 (Unaudited) HK\$'000	31 December 2006 (Audited) HK\$'000
Cash and bank balances	846,998	847,528
Time deposits	1,339,093	1,309,769
	2,186,091	2,157,297

13. TRADE PAYABLES

The aged analysis of the trade payables as at the balance sheet date, based on the invoice date, is as follows:

	30 June 2007 (Unaudited) HK\$'000	31 December 2006 (Audited) HK\$'000
Outstanding balances with age:		
Less than 1 month	536,619	551,306
Within:		
1-3 months	134,993	109,183
4-6 months	22,312	35,393
7-12 months	36,129	8,025
1-2 years	9,882	13,273
Over 2 years	12,901	14,437
	752,836	731,617

14. SHARE CAPITAL

	30 June 2007 (Unaudited) HK\$'000	31 December 2006 (Audited) HK\$'000
Authorised:		
7,000,000,000 ordinary shares of HK\$0.10 each	700,000	700,000
Issued and fully paid:		
5,695,355,525 ordinary shares of HK\$0.10 each	569,536	569,536

NOTES TO CONDENSED INTERIM FINANCIAL INFORMATION (continued)

15. RESERVES

	Share premium (Unaudited) HK\$'000	Capital redemption reserve (Unaudited) HK\$'000	Hedging reserve (Unaudited) HK\$'000	Capital reserve (Unaudited) HK\$'000	Hotel property revaluation reserve (Unaudited) HK\$'000	Enterprise expansion/ reserve fund (Unaudited) HK\$'000	Exchange fluctuation reserve (Unaudited) HK\$'000	Retained earnings (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Minority interests (Unaudited) HK\$'000
At 1 January 2006	7,433,211	350	1,283	(1,012,196)	181,019	84,679	47,783	2,066,320	8,802,449	405,520
Premium on issue of new shares on exercise of bonus warrants	924,368	-	-	-	-	-	-	-	924,368	-
Share of reserve of an associate	-	-	(1,086)	-	-	-	-	-	(1,086)	-
Exchange realignments	-	-	-	-	-	-	25,246	-	25,246	4,053
Revaluation surplus of hotel properties, net of deferred tax	-	-	-	-	2,526	-	-	-	2,526	-
Transfer from retained profits	-	-	-	-	-	7,039	-	(7,039)	-	-
Profit for the period	-	-	-	-	-	-	-	210,748	210,748	41,175
Dividend paid to minority shareholders	-	-	-	-	-	-	-	-	-	(33,044)
Disposal of interests in a subsidiary	-	-	-	-	-	-	-	-	-	3,130
Additional 2005 final dividend paid	-	-	-	-	-	-	-	(15,809)	(15,809)	-
Proposed 2006 interim dividend	-	-	-	-	-	-	-	(113,907)	(113,907)	-
At 30 June 2006	8,357,579	350	197	(1,012,196)	183,545	91,718	73,029	2,140,313	9,834,535	420,834

NOTES TO CONDENSED INTERIM FINANCIAL INFORMATION (continued)

15. RESERVES (continued)

	Capital		Hedging reserve	Capital reserve	Hotel property revaluation reserve	Available -for-sale		Exchange fluctuation reserve	Enterprise expansion/ reserve fund	Exchange fluctuation reserve	Retained earnings	Total	Minority interests
	Share premium	redemption reserve				investment reserve	revaluation reserve						
	(Unaudited) HK\$'000	(Unaudited) HK\$'000				(Unaudited) HK\$'000	(Unaudited) HK\$'000						
At 1 January 2007	8,357,579	350	(4,369)	(1,012,196)	183,703	-	104,495	159,035	2,234,838	10,023,435	443,482		
Share of reserve of an associate	-	-	11,996	-	-	-	-	-	-	11,996	-		
Exchange realignments	-	-	-	-	-	-	-	107,341	-	107,341	15,688		
Revaluation deficit of hotel properties, net of deferred tax	-	-	-	-	(222)	-	-	-	-	(222)	-		
Fair value gains on available-for-sale investments	-	-	-	-	-	2,777	-	-	-	2,777	-		
Transfer from retained profits	-	-	-	-	-	-	11,999	-	(11,999)	-	-		
Profit for the period	-	-	-	-	-	-	-	-	316,924	316,924	46,042		
Dividend paid to minority shareholders	-	-	-	-	-	-	-	-	-	-	(68,135)		
Contribution from minority shareholders	-	-	-	-	-	-	-	-	-	-	600		
Proposed 2007 interim dividend	-	-	-	-	-	-	-	-	(170,861)	(170,861)	-		
At 30 June 2007	8,357,579	350	7,627	(1,012,196)	183,481	2,777	116,494	266,376	2,368,902	10,291,390	437,677		

16. PLEDGE OF ASSETS

As at 30 June 2007, the Group's bank deposits of approximately HK\$5,132,000 (31 December 2006: HK\$4,176,000) were pledged to banks to secure certain credit facilities granted by suppliers to the Group and certain bank guarantees given in lieu of utility deposit and rental deposits.

As at 30 June 2007, certain banking facilities were secured by the Group's leasehold land and buildings with an aggregate carrying value of HK\$69,313,000 (31 December 2006: HK\$68,778,000).

NOTES TO CONDENSED INTERIM FINANCIAL INFORMATION *(continued)*

17. CONTINGENT LIABILITIES

At the balance sheet date, the Group had the following material contingent liabilities:

	30 June 2007 (Unaudited) HK\$'000	31 December 2006 (Audited) HK\$'000
Bank guarantees given in lieu of utility and rental deposits	3,337	3,337
Guarantees given to suppliers in connection with credit facilities granted	11,240	6,914
	14,577	10,251

18. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties and equipment under operating lease arrangements. Leases for investment properties are negotiated for terms ranging from one to three years, and those for equipment for terms no longer than one year. The terms of the leases generally require the tenants to pay security deposits.

At the balance sheet date, the Group had total future minimum lease receivable under non-cancellable operating leases with its tenants falling due as follows:

	30 June 2007 (Unaudited) HK\$'000	31 December 2006 (Audited) HK\$'000
Investment properties:		
Within one year	11,790	12,149
In the second to fifth years, inclusive	10,839	12,929
After five years	49	49
	22,678	25,127
Equipment:		
Within one year	178	196

NOTES TO CONDENSED INTERIM FINANCIAL INFORMATION (continued)

18. OPERATING LEASE ARRANGEMENTS (continued)

(b) As lessee

At the balance sheet date, the Group had total future minimum lease payments under non-cancellable operating leases are payable as follows:

	30 June 2007 (Unaudited) HK\$'000	31 December 2006 (Audited) HK\$'000
Land and buildings:		
Within one year	45,857	48,009
In the second to fifth years, inclusive	65,765	67,506
After five years	64,468	63,701
	176,090	179,216
Plant and machinery and motor vehicles:		
Within one year	5,247	6,643
In the second to fifth years, inclusive	870	1,237
	6,117	7,880

NOTES TO CONDENSED INTERIM FINANCIAL INFORMATION (continued)

19. COMMITMENTS

At the balance sheet date, the Group had the following commitments:

Capital commitments

	30 June 2007 (Unaudited) HK\$'000	31 December 2006 (Audited) HK\$'000
Construction in progress:		
Contracted, but not provided for	81,581	113,783
Authorised, but not contracted for	59,562	59,144
	141,143	172,927
Plant and equipment and motor vehicles:		
Contracted, but not provided for	2,600	2,566
Authorised, but not contracted for	35,818	34,427
	38,418	36,993
Land:		
Contracted, but not provided for	28,795	50,232
Leasehold improvements:		
Contracted, but not provided for	2,838	5,782
Authorised, but not contracted for	3,215	3,076
	6,053	8,858

NOTES TO CONDENSED INTERIM FINANCIAL INFORMATION (continued)

20. RELATED PARTY TRANSACTIONS

(a) The Group had the following material transactions with related parties during the period:

Name of company	Nature of transaction	For the six months ended 30 June	
		2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
<i>Paid or payable to:</i>			
1. China Travel Hip Kee Godown Hong Kong Limited	Car parking fees	673	673
2. China Travel Insurance Advisers Hong Kong Limited	Insurance premium	2,392	2,903
3. Tai Sun Services Company Limited	Stevedoring services	1,191	685
4. CTS H.K. Metropark Hotels Management Company Limited	Hotel management fees	7,347	3,268
5. China Travel Service (Holdings) Hong Kong Limited	Office rental	2,478	5,178
6. 深圳維景京華酒店有限公司	Hotel room rental	499	529
7. 華僑城集團公司	Land lease expenses	6,494	6,158
8. 深圳特區華僑城水電有限公司	Water and electricity charges	9,831	9,068
9. 北京港中旅維景國際大酒店有限公司	Property management fee	485	514
10. 陝西正元電力實業發展總公司	Coal treatment fees	5,199	5,063
11. 陝西正元電力實業發展總公司	Purchase of raw material	68,115	30,555
12. 陝西正元電力實業發展總公司	Purchase of property, plant and equipment	1,012	691
13. 陝西正元電力實業發展總公司	Repair and maintenance	1,098	2,225

NOTES TO CONDENSED INTERIM FINANCIAL INFORMATION *(continued)*

20. RELATED PARTY TRANSACTIONS *(continued)*

(a) The Group had the following material transactions with related parties during the period: *(continued)*

Name of company	Nature of transaction	For the six months ended 30 June	
		2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
14. Shenzhen The Splendid China Development Co., Ltd	Admission tickets cost	1,245	1,092
15. Shenzhen The World Miniature Co., Limited	Admission tickets cost	540	392
16. U.S. China Travel Service Inc.	Travel related services	2,546	542
17. Pacific Travel and Trade Corporation	Ticketing related services	5,396	2,228
<i>Received or receivable from:</i>			
18. China Travel Service (Holdings) Hong Kong Limited	Travel permit administration income <i>(Note)</i>	154,501	159,976
19. China Travel Services (Holdings) Hong Kong Limited	Hotel room rental	638	975
20. China Travel Services (Holdings) Hong Kong Limited	Sale of visa materials	643	625
21. China Travel Computer Service H.K. Limited	Application service provider services	7,405	5,843
22. 陝西省電力公司	Sales of electric power	967,888	826,474
23. 中國電力財務有限公司西北分公司	Interest income	2,186	935
24. U.S. China Travel Service Inc.	Travel related services	5,335	1,407

The above transactions were carried out at market price or, where no market price was available, at cost plus a percentage of profit mark-up.

Note: The travel permit administration income was determined in accordance with the terms of an agency agreement entered into between parties and charged at 45% of the gross fee revenue from travel permit applications.

NOTES TO CONDENSED INTERIM FINANCIAL INFORMATION *(continued)*

21. POST BALANCE SHEET EVENT

- (i) On 30 July 2007, Chadwick Developments Limited, a wholly owned subsidiary of the Company, Northwest China Grid Company Limited and Shaanxi Qinlong Electric Power Co., Ltd. (collectively, the “Weihe Shareholders”) entered into a transfer agreement with Shaanxi Weihe Power Co., Ltd. (“Weihe Power”, a jointly-controlled entity of the Group) pursuant to which the Weihe Shareholders agreed to acquire from Weihe Power its entire equity interest in Xianyang Guangzhong Hotspring Company Limited (“Guangzhong Hotspring”) for an aggregate consideration of RMB100 million.

Upon completion of the transaction, Guangzhong Hotspring will be a 51%-owned subsidiary of the Group and accordingly, its result and operation will be consolidated into the Group’s financial statement thereafter. Details are disclosed in the Company’s announcement dated 30 July 2007.

- (ii) On 9 July 2007, a total of 97,110,000 share options with an exercise price of HK\$4.65 per share were granted to certain directors and employees of the Group in recognition of their contributions to the Group. The share options have a vesting period ranging from 9 July 2007 to 8 July 2009, and exercisable from 9 July 2009 to 2 June 2012. The price of the Company’s share at the date of grant was HK\$4.65 per share.

At the date of approval of this interim financial information, the Company had 97,110,000 share options outstanding, which represented approximately 1.7% of the Company’s issued shares as at this date.

22. APPROVAL OF THE INTERIM FINANCIAL INFORMATION

This interim financial information was approved and authorised for issue by the Board on 3 September 2007.



REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the board of directors of China Travel International Investment Hong Kong Limited
(Incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 4 to 24, which comprise the condensed consolidated balance sheet of China Travel International Investment Hong Kong Limited as of 30 June 2007 and the related condensed consolidated statements of income, changes in equity and cash flow 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 a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants.

The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made 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 interim financial information consists of making inquiries, 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 information is not prepared, in all material respects, in accordance with HKAS 34.

Ernst & Young
Certified Public Accountants
18th Floor, Two International Finance Centre
8 Finance Street, Central
Hong Kong

3 September 2007

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Results and Operation

During the first half of 2007, the Group's operation sustained healthy growth. Among the Group's business sectors, hotels, passenger transportation, theme parks, golf club, art performance and power plant operation recorded significant increase. The advantage of internal resource integration and business innovation had materialized gradually in our travel agency and related business sectors.

For the six months ended 30 June 2007, the unaudited consolidated revenue of the Group was HK\$3,674 million, an increase of 16.2% from the same period of last year. Unaudited net profit attributable to shareholders was HK\$317 million, an increase of 50.4% from the same period of last year. Basic earnings per share was 5.56 Hong Kong Cents, an increase of 38.0% from the same period of last year. As at 30 June 2007 the equity attributable to shareholders was HK\$11,032 million, representing an increase of 3.6% from the end of last year.

Tour Operation and Leisure Business

The tour operation and leisure business of the Group includes travel agency business, on-line travel consolidator (Mangocity.com), Zhuhai Ocean Spring Resort ("OSR"), three theme parks and Tycoon golf club in Shenzhen, and art performance producer of China Heaven Creation International Performance Arts Co. Ltd. ("China Heaven"). During the first half of 2007 the unaudited revenue was HK\$1,746 million, an increase of 15.3% from the same period of last year. Net profit was HK\$146 million, representing an increase of 18.9% from the same period of last year.

During the first half of 2007, China Travel Service (Hong Kong) Limited effectively streamlined its business structure and process in order to achieve better business integration among its different business units and enhance the Group's competitiveness in its core travel business. The business reengineering process had firmly positioned the Group for a sustainable growth in the travel and travel related business going forward.

After its soft opening last year, OSR continued to upgrade its service quality and had gradually built up its branding effect. In June, OSR was awarded with the "National Demonstration Base of Vacational Tourism", the first title ever issued by China National Tourism Administration. This reputation was in recognition of OSR's leading position in China's vacational tourism market. Mangocity.com continuously improved its operation efficiency and its membership reached over 2 million. It has become one of the most promising on-line travel consolidators in China. In light of the intense market competition, the operation of Window of the World and Splendid China sustained growth by adding creative attraction programs in the theme parks. On 8 November 2006, the Company announced to increase its capital contribution in Splendid China by way of holding shares by a natural person nominee. With the gradual opening up of performance industry in the PRC, the Company intends to change the above contribution from the way by the natural person nominee to direct contribution by the Group. China Heaven seized the opportunity of this favorable policy change and succeeded in market expansion with satisfactory results. Tycoon Golf Club in Shenzhen exploited innovative marketing strategies and achieved turn-around operating results during the first half of this year.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Hotel Operation

During the first half of 2007, the operation of the Group's five hotels in Hong Kong and Macau sustained steady growth. Average room rate and occupancy rate recorded significant growth from the same period of last year. The unaudited revenue for the first half of 2007 was HK\$231 million, an increase of 13.8% from the same period of last year. Net profit was HK\$53.57 million, an increase of 50.9% from the same period of last year.

Transportation

Despite the negative impact of elevated oil price, the Group's passenger transportation achieved once again best ever operation results. During the first half of 2007, the unaudited revenue was HK\$149 million, an increase of 13.0% from the same period of last year. The net profit of the passenger transportation services was HK\$28.76 million, an increase of 17.1% from the same period of last year. The operating results of Shun Tak-China Travel Shipping Investments Limited, the joint venture passenger ferry operations also achieved satisfactory growth from the same period of last year.

China Travel Service (Cargo) Hong Kong Limited ("CTSC") actively developed its freight forwarding business and further extended its service chain out of international freight forwarding business to offer comprehensive logistic service to customers. CTSC continued to drive business and resources integrations internally and seized opportunities to establish strategic alliance with international partners. During the first half of 2007, the unaudited revenue and net profit was HK\$1,547 million and HK\$43.18 million, respectively, representing an increase of 17.9% and 18.9%, respectively, from the same period of last year.

Infrastructure

The Group's power generation business achieved satisfactory results during the first half of 2007. The volume of on-grid electricity increased significantly from the same period of last year. A rigorous cost saving measure also contributed to the sector's bottom line. During the first half of 2007, the Group's share of profit has increased by HK\$59.89 million, or 74.6% from the same period of last year.

Prospects for second half of 2007

The Group anticipates the stability of social environment, the continuing economic growth and the increase in income per capita and purchasing power in China will drive the growth of its core travel and travel related business in the second half of 2007. Despite the recent volatility in global financial market, the Board is of a prudently optimistic view towards the Group's operation results in the second half of 2007.

In the second half of 2007, the Group will continue to rigorously pursue cost-saving measures, actively seize new business opportunities for its core travel and travel related business, achieve better business integration among its ground travel network in Hong Kong, the Mainland and overseas, and achieve operation synergy between its ground travel network and on-line travel network. It is expected that in the second half of 2007 the Group's tour operation and leisure business will sustain steady growth; hotel operation results will be enhanced further; and the passenger transportation and freight forwarding business will sustain stable growth. The prospect of power generation business for the second half of 2007 will be somewhat uncertain due to macro economic factors.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Employee Relations

As of 30 June 2007, the Group had approximately 13,004 employees. Total remuneration cost for the period was HK\$445 million (six months ended 30 June 2006: HK\$378 million).

The employees are remunerated based on their work performance, professional experience and prevailing industry practices. The remuneration policy and package of the Group's employees are periodically reviewed by the Group's management. Apart from medical coverage, provident funds, in-house training programs and long service awards, discretionary bonuses are awarded to certain employees according to the assessment of individual performance.

Liquidity, Financial Resources and Capital Structure

The Group's financial position remains strong. As of 30 June 2007, the cash and cash equivalents of the Group amounted to HK\$2,186 million. The interest bearing bank borrowings amounted to HK\$696 million. The net interest bearing debt to equity ratio was -0.13 (31 December 2006: -0.13).

For the six months ended 30 June 2007, the Group's capital expenditure on property, plants, and equipments was HK\$138 million (six months ended 30 June 2006: HK\$94 million), which was mainly funded by the Group's internal financial resources.

As at 30 June 2007, the Company had loan facilities, which were subject to, inter alia, a specific performance obligation on the controlling shareholder of the Company, China Travel Services (Holdings) Hong Kong Limited ("CTS Holdings"), during the tenure of such loan facilities. The specific performance obligation is that CTS Holdings shall maintain a holding of not less than 40% of the total issued share capital of the Company throughout the tenure of the loan facilities granted to the Company. A breach of the obligation will constitute an event of default. As a result of such breach, the loan facilities may become due and repayable on demand by the relevant lenders according to the respective terms and conditions thereof. The details of the loan facilities are as follows:

Amount outstanding as at 30 June 2007	Final maturity of the loan facilities
HK\$500 million	2 January 2009

Interest is charged on the outstanding balance at 0.25% per annum over the Hong Kong Interbank Offered Rate for the applicable loan period. The loans are secured by the corporate guarantee given by the Company.

Pledge of Assets and Contingent Liabilities

As at 30 June 2007, the Group's bank deposits of approximately HK\$5.13 million (31 December 2006: HK\$4.18 million) were pledged to banks to secure certain credit facilities granted by suppliers to the Group and certain bank guarantees given in lieu of utility deposit and rental deposits.

As at 30 June 2007, certain banking facilities were secured by the Group's leasehold land and buildings with an aggregate carrying value of HK\$69.31 million (31 December 2006: HK\$68.78 million).

The contingent liabilities had increased from HK\$10.25 million as at 31 December 2006 to HK\$14.58 million at the end of the period.

OTHER INFORMATION

Directors' Interests

As at 30 June 2007, the interests and short positions of the Directors or chief executive in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under section 352 of the SFO, or as notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") were as follows:-

Long position in the shares of the Company

ordinary shares of HK\$0.10 each of the Company

Name of Director	Capacity	Number of shares held	Percentage of the issued share capital (%)
Fong Yun Wah	Interest of controlled corporations (<i>Note</i>)	50,000	0.000878%

Note: These shares are beneficially owned by certain corporations in which Dr. Fong Yun Wah is taken to be interested.

Save as disclosed above, as at 30 June 2007, none of the directors and chief executive of the Company and/or any of their respective associates had any interests and short positions in shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO).

Share Option Scheme

On 3 June 2002, a new share option scheme (the "New Scheme") was adopted by the Company to replace the share option scheme which was approved by the shareholders of the Company on 21 October 1992 (the "Old Scheme"). The Old Scheme was terminated on 20 October 2002. As at 30 June 2007, there were no options outstanding under the Old Scheme.

The Company operates the New Scheme for the purpose of attracting and retaining the best quality personnel for the development of the Group's businesses; providing additional incentives to employees, officers and executive directors of the Group; and promoting the long term financial success of the Company by aligning the interests of option holders to shareholders.

OTHER INFORMATION *(continued)*

Share Option Scheme *(continued)*

Eligible participants of the New Scheme include the executive directors and employees of the Group. The New Scheme became effective on 3 June 2002 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

At 30 June 2007, no share options were outstanding under the New Scheme and none of the executive directors and employees of the Group were granted share options during the six months ended 30 June 2007.

On 9 July 2007, a total of 97,110,000 share options with an exercise price of HK\$4.65 per share were granted to certain directors and employees of the Group in recognition of their contributions to the Group. The share options have a vesting period ranging from 9 July 2007 to 8 July 2009, and exercisable from 9 July 2009 to 2 June 2012. The price of the Company's share at the date of grant was HK\$4.65 per share.

At the date of approval of this interim financial information, the Company had 97,110,000 share options outstanding, which represented approximately 1.7% of the Company's issued shares as at this date.

Directors' Rights to Acquire Shares or Debentures

Save as disclosed under the heading "Directors' Interests" and "Share Option Scheme" above, at no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

OTHER INFORMATION *(continued)*

Substantial Shareholders' Interests

As at 30 June 2007, the following shareholders (other than the Directors or chief executive of the Company whose interests and short positions in the shares and underlying shares of the Company are disclosed above) had interests, directly or indirectly, and short positions in the shares and underlying shares of the Company which were recorded in the register required to be kept by the Company under section 336 of the SFO:

Long position in the shares of the Company

ordinary shares of HK\$0.10 each of the Company

Name of shareholders	Capacity	Number of shares held	Percentage of the issued share capital (%)
China Travel Service Head Office of the PRC ("CTS-PRC")	Interest of controlled corporation (<i>Note 1</i>)	2,993,632,728	52.56%
CTS Holdings	Interest of controlled corporation and beneficial owner (<i>Notes 1,3</i>)	2,993,632,728	52.56%
Foden International Limited ("FIL")	Beneficial owner (<i>Note 2</i>)	20,700,000	0.36%

Notes:

1. The entire issued share capital of CTS Holdings is beneficially owned by CTS-PRC. CTS Holdings is the direct holding company of the Company. Accordingly, the interests of CTS-PRC in the Company duplicate the interests of CTS Holdings.
2. These shares are held by FIL which is a wholly-owned subsidiary of CTS Holdings.
3. 2,972,932,728 shares were held by CTS Holdings directly.

Save as aforesaid and disclosed under the heading "Directors' Interests" above, as at 30 June 2007, the Directors are not aware of any other person who had interest, directly or indirectly, or short position in the shares, underlying shares or debentures of the Company are recorded in the register required to be kept by the Company under section 336 of the SFO.

OTHER INFORMATION *(continued)*

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance. The corporate governance principles of the Company emphasize transparency and accountability to all shareholders of the Company. Save for the deviation from the Code Provision A.4.1 which is explained as below, the Company has complied with all the code provisions stipulated in Appendix 14, Code on Corporate Governance Practices (the "Code") of the Listing Rules during the six months ended 30 June 2007.

Code A.4.1 specifies that non-executive directors should be appointed for a specific term, subject to re-election. Even though independent non-executive directors are not appointed for specific terms, pursuant to the Company's articles of association, at least one-third of the directors (if the number of directors is not three or a multiple of three, then the number nearest to three) shall retire from office by rotation and subject to re-election at each annual general meeting. The Board is of the opinion that it conforms with the spirit of the Code as such provision will enable each director subject to retirement by rotation at least once every three years.

Save as disclosed above, the Company met the code provisions set out in the Code during the six months ended 30 June 2007.

BOARD COMMITTEES

The Board has established two Board committees, namely, the Audit Committee and Remuneration Committee. Both committees comprise three independent non-executive directors of the Company, namely Mr. Wong Man Kong, Peter, Mr. Sze, Robert Tsai To, Mr. Chan Wing Kee (appointed on 21 August 2007), Dr. Yeh Meou Tsen, Geoffrey (resigned on 15 July 2007) and his alternate, Mr. Yeh V Nee (resigned on 15 July 2007). The Audit and Remuneration Committees are chaired by Mr. Wong Man Kong, Peter. The Board has delegated certain responsibilities to Board committees, which operate within defined terms of reference.

Audit Committee

The Company's Audit Committee was established in 1999 for the purposes of assisting the Board in monitoring the financial reporting matters, internal controls, internal audit and external audit of the Group.

OTHER INFORMATION *(continued)*

Remuneration Committee

The Company's Remuneration Committee was established in April 2005. The primary objectives of the Remuneration Committee include making recommendations on and approving the remuneration policy and structure and remuneration packages of the directors and the senior management of the Group.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. The Company has made specific enquiry of all Directors who confirmed compliance with the required standard set out in the Model Code during the six months ended 30 June 2007.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK3 cents (2006: HK2 cents) per share for the six months ended 30 June 2007. The interim dividend will be paid to the shareholders whose names appear on the Register of Members of the Company at the close of business on Monday, 24 September 2007. The interim dividend will be paid on or around Thursday, 4 October 2007.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Thursday, 20 September 2007 to Monday, 24 September 2007 (both days inclusive), for the purposes of determining entitlements to the interim dividend. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Registrar, Tricor Tengis Limited, at 26/F Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 19 September 2007.

OTHER INFORMATION *(continued)*

REVIEW OF INTERIM FINANCIAL INFORMATION

The unaudited condensed interim financial information of the Group for the six months ended 30 June 2007 have been reviewed by the audit committee of the Company and the auditors, Ernst & Young.

By order of the Board
Zhang Xuewu
Chairman

Hong Kong, 3 September 2007