



載通國際

Transport International

Transport International Holdings Limited




2021
Interim Report

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INTERIM RESULTS

The Group's unaudited profit attributable to equity shareholders of the Company for the six months ended 30 June 2021 was HK\$20.2 million, representing a favourable variance of HK\$72.0 million compared to the loss attributable to equity shareholders of HK\$51.8 million for the six months ended 30 June 2020. The improvement in financial performance was primarily due to the increase in revenue from the franchised bus operations as well as the recovery from the Group's transport operations in China Mainland. Earnings per share for the six months ended 30 June 2021 was HK\$0.04 per share (six months ended 30 June 2020: loss per share of HK\$0.12 per share), representing a favourable variance of HK\$0.16 per share compared with the corresponding period in 2020.

INTERIM DIVIDEND

The Board does not recommend the declaration of an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

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")

- KMB recorded a loss after taxation of HK\$36.9 million for the six months ended 30 June 2021 (six months ended 30 June 2020: loss after taxation of HK\$24.9 million), representing an unfavourable variance of HK\$12.0 million compared with the corresponding period in 2020. Excluding government subsidies of HK\$279.1 million in the first half of 2020, KMB would record year-on-year improvement of HK\$267.1 million for the first half of 2021.
- Fare revenue for the six months ended 30 June 2021 was HK\$2,976.1 million, an increase of HK\$348.7 million or 13.3% compared with HK\$2,627.4 million for the corresponding period in 2020. The increase was mainly attributable to the rebound in patronage along with the fare increase which took place on 4 April 2021. Non-fare revenue for the six months ended 30 June 2021 increased by HK\$38.7 million to HK\$149.8 million from HK\$111.1 million for the six months ended 30 June 2020.
- Total operating expenses for the six months ended 30 June 2021 amounted to HK\$3,237.4 million, an increase of HK\$59.8 million or 1.9% compared with HK\$3,177.6 million for the corresponding period in 2020. The increase was mainly due to the increase in fuel costs as a result of the rise in international fuel prices.

- As at 30 June 2021, KMB operated a total of 418 routes (31 December 2020: 417 routes) covering Kowloon, the New Territories and Hong Kong Island. 156 Bus-bus Interchange (“BBI”) schemes covering 418 bus routes operated both within the KMB route network and on joint schemes run with other public transport operators. These BBI schemes not only provide fare discounts to passengers on the second leg of journeys and broaden KMB’s network coverage without the need to operate extra buses, but they also contribute towards a cleaner environment by improving bus utilisation and reducing traffic congestion on busy corridors.
- During the first half of 2021, a total of 113 Euro VI buses with the latest safety, environmental and design features were added to the fleet. As at 30 June 2021, KMB operated 4,012 buses (31 December 2020: 4,009 buses), comprising 3,870 double-deck and 142 single-deck buses. In addition, a total of 188 Euro VI double-deck buses were awaiting licensing in the second half of 2021.

Long Win Bus Company Limited (“LWB”)

- The profit after taxation of LWB for the six months ended 30 June 2021 was HK\$2.7 million, representing a favourable variance of HK\$15.8 million compared with loss after taxation of HK\$13.1 million for the six months ended 30 June 2020.
- Fare revenue for the six months ended 30 June 2021 decreased by HK\$31.0 million or 16.5% to HK\$157.3 million compared with HK\$188.3 million for the corresponding period in 2020. The decline was mainly due to the decrease in ridership as various anti-epidemic measures imposed by the Government at boundary control points including the airport as well as the Hong Kong Port of the Hong Kong-Zhuhai-Macao Bridge since February 2020.
- Total operating expenses for the six months ended 30 June 2021 amounted to HK\$222.3 million, a decrease of HK\$23.1 million or 9.4% compared with HK\$245.4 million for the corresponding period in 2020. The decrease was primarily due to the improvement in operating efficiencies.
- As at 30 June 2021, LWB had 36 BBI schemes covering 31 regular bus routes, operating both within LWB’s bus network and on joint inter-modal schemes run with other public transport operators. These BBI schemes provide passengers with interchange fare discounts and allow LWB to deploy its resources more effectively.
- As at 30 June 2021, LWB operated 40 regular routes with a fleet of 265 buses (31 December 2020: 241 buses), comprising 261 double-deck buses and 4 single-deck electric buses.

Non-franchised Transport Operations

The Group's Non-franchised Transport Operations Division reported a profit after taxation of HK\$2.2 million for the six months ended 30 June 2021, representing a decrease of HK\$17.7 million or 88.9% compared with HK\$19.9 million for the corresponding period in 2020. Excluding government subsidies of HK\$20.0 million in the first half of 2020, the Non-franchised Transport Operations would record an improvement of HK\$2.3 million for the first half of 2021. 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")

- The SBH Group is one of the leading non-franchised bus operators in Hong Kong, providing customised, premium, safe, reliable, and value-for-money transport services to a wide range of customers, including large residential estates, shopping malls, major employers, travel agents and schools, as well as the general public through chartered hire services.
- The revenue of the SBH Group for the six months ended 30 June 2021 decreased by 10.8% compared with the corresponding period in 2020. The decrease was mainly attributable to the decline in both local business and cross-boundary services as a result of outbreak of COVID-19. Total operating expenses for the period under review decreased by 13.5% compared with the first half of 2020 as management implemented certain cost control measures amidst the decline in business.
- As at 30 June 2021, the SBH Group had a fleet of 390 licensed buses (31 December 2020: 390 buses). During the first half of 2021, 6 new coaches were purchased for fleet replacement and service enhancement purposes.

New Hong Kong Bus Company Limited ("NHKB")

- NHKB jointly operates with its Shenzhen counterpart a direct, economical, 24-hour cross-boundary shuttle bus service (commonly known as the "Huang Bus" service) serving regular commuters and leisure travellers between Lok Ma Chau in Hong Kong and Huanggang (皇崗) in Shenzhen.
- The revenue of NHKB for the six months ended 30 June 2021 decreased by 75.0% compared with the corresponding period in 2020. The decrease was primarily attributable to the suspension of Huang Bus service since 4 February 2020 as the immigration clearance service for passenger at Lok Ma Chau Control Point was suspended by the Government as part of its anti-epidemic measures.
- As at 30 June 2021, NHKB had a fleet of 15 super-low floor single-deck buses, the same number as at 31 December 2020.

Property Holdings and Development

The Group's Property Holdings and Development Division reported a profit after taxation of HK\$23.4 million for the six months ended 30 June 2021, representing a decrease of HK\$5.6 million or 19.3% compared with HK\$29.0 million for the corresponding period in 2020. A review of the Group's investment properties is set out as follows:

LCK Commercial Properties Limited ("LCKCP")

- LCKCP, a wholly-owned subsidiary of the Company, owns the upscale Manhattan Mid-town shopping mall, a two-level retail podium at Manhattan Hill. The 50,000 square feet shopping mall provides Manhattan Hill residents and other shoppers with high quality retail facilities. The shopping mall was leased out to a mix of shops and restaurants, generating a stream of recurring income for the Group.
- As at 30 June 2021, the carrying value of the shopping mall (classified as investment property on the consolidated statement of financial position), which was stated at cost less accumulated depreciation, amounted to HK\$72.2 million (31 December 2020: HK\$73.5 million).

LCK Real Estate Limited ("LCKRE")

- LCKRE, a wholly-owned subsidiary of the Company, owns the 17-storey commercial office building at 9 Po Lun Street, Lai Chi Kok, Kowloon, which has a total gross floor area of about 156,700 square feet for office use and rental purposes. A portion of the gross floor area is used by the Group as headquarters with the remaining gross floor area leased out to shops, offices and restaurants.
- As at 30 June 2021, the building was stated on the consolidated statement of financial position at cost less accumulated depreciation in the amount of HK\$24.7 million (31 December 2020: HK\$26.5 million).

KT Real Estate Limited ("KTRE")

- KTRE, a wholly-owned subsidiary of the Company, and Turbo Result Limited ("TRL"), a wholly-owned subsidiary of Sun Hung Kai Properties Limited ("SHKP"), own Kwun Tong Inland Lot No. 240 (the "Kwun Tong Site") at 98 How Ming Street, Kowloon, Hong Kong, as tenants in common in equal shares.
- Sun Hung Kai Real Estate Agency Limited, a wholly-owned subsidiary of SHKP, has been appointed as the project manager to oversee the development of the Kwun Tong Site. In August 2016, KTRE and TRL accepted the offer from the Lands Department for the grant of lease modification from industrial to non-residential use (excluding hotel, petrol filling station and residential care home) at a land premium of HK\$4,305.0 million. 50% of such land premium, which amounted to HK\$2,152.5 million, was borne by KTRE.

- In December 2018, KTRE, TRL and Yee Fai Construction Company Limited, a wholly-owned subsidiary of SHKP (the “Contractor”), entered into a building contract (the “Building Contract”) under which KTRE and TRL have engaged the Contractor to carry out and complete the construction works for the Kwun Tong Site at a contract sum of HK\$4,436.0 million (to be borne by KTRE and TRL in equal shares), subject to adjustments in accordance with the Building Contract, which was approved by independent shareholders in February 2019. The basement, superstructure and office tower construction works are underway. The occupation permit is expected to be obtained by end of 2022.
- As at 30 June 2021, the carrying value of the Kwun Tong Site (classified as investment property under development on the consolidated statement of financial position), which was stated at cost, amounted to HK\$3,367.4 million (31 December 2020: HK\$3,005.4 million).

TM Properties Investment Limited (“TMPI”)

- TMPI is jointly owned by TM Properties Holdings Limited (“TMPH”), an indirect wholly-owned subsidiary of the Group, and Mega Odyssey Limited (“MOL”), an indirect wholly-owned subsidiary of SHKP subsequent to the disposal of TMPH’s 50% equity interest in TMPI to MOL on 29 December 2020. TMPI, the owner of the property at Tuen Mun Town Lot No. 80 in the New Territories, has become a 50%-owned joint venture of the Group.
- TMPI owns an industrial property which is currently designated for industrial use or godown purposes or both. TMPI will apply to relevant authorities for approval for a change of use from the existing industrial use to office, shop and services uses. As at 30 June 2021, the entire lettable area of the property has been leased out to generate rental income for the Group.

China Mainland Transport Operations

As at 30 June 2021, the Group’s total interests in associates within the China Mainland Transport Operations Division amounted to HK\$670.4 million (31 December 2020: HK\$656.6 million). Such investments are mainly related to the operation of passenger transport services in Shenzhen, and taxi and car rental services in Beijing. For the six months ended 30 June 2021, the Group’s China Mainland Transport Operations Division reported an after-tax profit of HK\$6.4 million compared to an after-tax loss of HK\$95.6 million for the corresponding period in 2020.

Shenzhen Bus Group Company Limited (深圳巴士集團股份有限公司) (“SZBG”)

- SZBG, which commenced operations in 2005, is a Sino-foreign joint stock company formed by a wholly-owned subsidiary of the Company and four other Mainland investors. The Group has invested RMB387.1 million (equivalent to HK\$363.9 million at the investment date) in SZBG, representing a stake of 35%. SZBG mainly provides public bus and taxi services in Shenzhen City. As a result of the effective containment of COVID-19 in China, SZBG has resumed profitability for the six months ended 30 June 2021. As at 30 June 2021, it had 4,892 taxis (including 4,314 electric taxis, which are operated by an associate) and 5,976 buses serving some 322 routes.

Beijing Beiqi Kowloon Taxi Company Limited (北京北汽九龍出租汽車股份有限公司) (“BBKT”)

- BBKT, a Sino-foreign joint stock company, was established in Beijing in 2003. The Group has invested RMB80.0 million (equivalent to HK\$75.5 million at the investment date) in BBKT, representing an equity interest of 31.38%. Until April 2013, BBKT operated both taxi hire and car rental businesses in Beijing. To provide greater focus on the business opportunities in the booming but challenging car rental market, BBKT spun off its car rental business to another Sino-foreign joint stock company, namely Beijing Beiqi First Company Limited (北京北汽福斯特股份有限公司). As at 30 June 2021, BBKT had a fleet of 3,798 taxis.

Beijing Beiqi First Company Limited (北京北汽福斯特股份有限公司) (“BBF”)

- BBF is a Sino-foreign joint stock company, which was established in April 2013 with the same shareholding structure as BBKT to carry on the car rental business formerly operated by BBKT. BBF had 1,123 vehicles available for hire as at 30 June 2021.

FINANCIAL POSITION

Capital Expenditure

As at 30 June 2021, the Group’s investment properties, investment property under development, interest in leasehold land and other property, plant and equipment (comprising buildings, buses and other motor vehicles, buses under construction, tools and others) amounted to HK\$11,431.2 million (31 December 2020: HK\$10,953.6 million), none of which was pledged or charged.

During the six months ended 30 June 2021, the Group incurred capital expenditure of HK\$978.4 million (six months ended 30 June 2020: HK\$651.8 million), which was mainly used for the development of the Kwun Tong site and the purchase of new buses.

FUNDING AND FINANCING

Liquidity and financial resources

The Group closely monitors its liquidity requirements and financial resources to ensure that a healthy financial position is maintained such that cash inflows from operating activities together with the Group’s reserves of cash and liquid assets and undrawn committed banking facilities are sufficient to meet daily operational needs, loan repayments and capital expenditure as well as potential business expansion and development. The Group’s operations are mainly financed by shareholders’ funds and bank loans.

As at 30 June 2021, the Group's net borrowing (i.e. total borrowings less cash and deposits at banks) amounted to HK\$1,828.7 million (31 December 2020: HK\$788.8 million). The details of the Group's net cash/net borrowing position by currency are set out below:

Currency	Cash and deposits at bank in foreign currency million	Cash and deposits at bank HK\$ million	Bank loans HK\$ million	Net cash/ (Net borrowing) HK\$ million
<i>At 30 June 2021</i>				
Hong Kong dollars		968.3	(3,118.0)	(2,149.7)
United States dollars	40.0	311.0	–	311.0
British Pounds Sterling	0.2	2.1	–	2.1
Other currencies		7.9	–	7.9
Total		1,289.3	(3,118.0)	(1,828.7)
<i>At 31 December 2020</i>				
Hong Kong dollars		1,746.0	(3,082.5)	(1,336.5)
United States dollars	68.9	534.5	–	534.5
British Pounds Sterling	0.2	1.6	–	1.6
Other currencies		11.6	–	11.6
Total		2,293.7	(3,082.5)	(788.8)

As at 30 June 2021, bank loans, all unsecured, amounted to HK\$3,118.0 million (31 December 2020: HK\$3,082.5 million). The maturity profile of the bank loans of the Group is set out below:

	At 30 June 2021 HK\$ million	At 31 December 2020 HK\$ million
Within 1 year	1,298.6	1,398.2
After 1 year but within 2 years	1,397.2	1,087.2
After 2 years but within 5 years	422.2	597.1
	3,118.0	3,082.5

As at 30 June 2021, the Group had undrawn committed banking facilities totalling HK\$1,275.0 million (31 December 2020: HK\$2,110.0 million).

The finance costs incurred by the Group for the six months ended 30 June 2021 were HK\$8.5 million, a decrease of HK\$9.1 million compared with HK\$17.6 million for the six months ended 30 June 2020. The decrease was mainly due to the decrease in average interest rate in respect of the Group's borrowings from 2.19% per annum for the six months ended 30 June 2020 to 0.97% per annum for the six months ended 30 June 2021 but was partly offset by the increase in average bank borrowings.

As at 30 June 2021, the Group's cash and deposits at banks (mainly denominated in Hong Kong dollars, United States dollars and British Pounds Sterling) amounted to HK\$1,289.3 million (31 December 2020: HK\$2,293.7 million).

FUNDING AND TREASURY POLICIES

In general, the Group's major operating companies arrange their own financing to meet their operational and specific needs. The Group's other subsidiaries are mainly financed from the capital base of their parent company. The Group reviews its funding policy from time to time to ensure that cost-efficient and flexible funding is available to meet the unique operating environment of each subsidiary.

The impact of fuel price movements on the results of the Group's core franchised public bus operations can be significant. Although exposure to fluctuations in the fuel price might be managed by the use of fuel derivatives, the Group has carefully evaluated the pros and cons of entering into fuel price hedging arrangements and concluded that fuel price hedging would be equally as risky as not hedging, and would not necessarily result in a better financial position for the Group in the long term. Therefore the Group did not enter into any fuel oil swap contract during the period under review. Alternatively, the Group has entered into contracts with diesel suppliers for the supply of diesel. A price cap arrangement, which enables the Group to benefit from the fall in international fuel oil prices while limiting risk exposure in the event that oil prices rise above the cap level, has been introduced in these contracts. Management will continue to closely monitor the fuel price movements and constantly review its strategy on fuel price risk management in the light of prevailing market conditions.

The Group is exposed to foreign currency risk primarily through purchases of new buses and motor vehicle components from overseas, investments in debt securities and deposits placed at banks that are denominated in a foreign currency. The currencies giving rise to this risk are primarily British Pounds Sterling (GBP) and United States dollars (USD). In respect of the exposure in GBP used for bus purchases, the Group's treasury team will enter into forward foreign exchange contracts in a strategic manner when appropriate.

The Group closely monitors market conditions and devises suitable strategies to manage its exposure to interest rate risk in a prudent manner with different techniques and instruments, including natural hedges achieved by spreading loans over different rollover periods and maturity dates. Derivative financial instruments such as interest rate swaps will be used when appropriate. As at 30 June 2021, all of the Group's borrowings were denominated in Hong Kong dollars and on a floating interest rate basis. The Group regularly reviews its strategy on interest rate risk management in the light of the prevailing market conditions.

CAPITAL COMMITMENTS

The Group's capital commitments as at 30 June 2021 amounted to HK\$1,905.3 million (31 December 2020: HK\$2,579.1 million). These commitments were mainly in respect of the development of the Kwun Tong site and the purchases of buses and other motor vehicles, which are to be financed by bank borrowings and from the Group's internal resources.

EMPLOYEES AND REMUNERATION POLICIES

Transport operations are labour intensive. For the six months ended 30 June 2021, total remuneration excluding retirement costs and equity-settled share-based payment expenses amounted to HK\$1,941.9 million (six months ended 30 June 2020: HK\$2,016.7 million), accounting for about 55% of the total operating costs of the Group. The Group closely monitors its headcount and staff remuneration in line with productivity and the prevailing market trends. Employee compensation, including salaries and retirement and medical benefits, is determined based on the principles of performance, fairness, transparency and market competitiveness. As at 30 June 2021, the Group employed over 13,000 staff (31 December 2020: over 13,000 staff).

OUTLOOK

Franchised Public Bus Operations

In view of low public travel activities and stringent border control measures, bus patronage has yet to fully recover since the outbreak of COVID-19 in early 2020. Meanwhile, the continuous expansion of the railway network has had a profound effect on KMB. In particular, the recent opening of the Tuen Ma Rail Line has caused significant patronage drop on certain overlapping KMB routes. Patronage is anticipated to drop further after the opening of the Shatin-Central Link. The Government introduced various subsidies in 2020 under the Anti-epidemic Fund to provide financial support to the public transport sector, however we do not expect it to recur in 2021. Together with the rise in international fuel prices, the financial performance of the Group for the second half of 2021 would continue to face challenges.

In the face of economic uncertainty, the Group has rolled out various schemes to enhance its operation, business and services. Among others, the introduction of an e-payment system, the extension of the Regional Short-haul Sectional Fare Scheme to Sai Kung and Tseung Kwan O, the expansion of the Bus-bus Interchange Discount Scheme to Ma Wan and South Lantau Island and extending the promotion period of “KMB X LWB FUN Redemption Scheme”. Moreover, the Group will strive for operating new routes and special routes to seize the opportunities in newly developed areas in the New Territories. The Group also seeks cooperation with different industries for new business opportunities, such as bus-themed “staycation”.

Environmental protection is our commitment. To tie in with the National 14th Five-Year Plan and the emission reduction target of the Hong Kong SAR Government, the Group has outlined a vision of replacing the whole fleet with electric buses by 2050. In 2021, KMB has ordered 42 electric double-deck buses. Including 16 electric single-deck buses purchased last year, a total of 80 electric buses of KMB and LWB will be in service from 2022. To achieve the goal of bus electrification, KMB plans to build two new depots with the charging capability of 800 – 1,000 electric buses. The depots are expected to be completed in three to four years. At the same time, over 22,000 solar panels will be installed at depots, bus stops and on bus rooftops. The installation enhances the application of renewable energy, bringing an annual reduction of about 5,400 tonnes of carbon dioxide emissions for Hong Kong.

Apart from the development of green transport, the Group takes the initiative to explore the feasibility of applying 5G technology to enhance bus safety and services. KMB is exploring the usage of 5G technology in real-time monitoring of bus occupancy and the number of queuing passengers at bus stops to enhance service quality and improve operational efficiency. In addition, KMB explores real-time detection and analysis of road conditions in termini. If a jaywalker is detected, the sensors will alert instantly to remind buses and other road users as added safety measures.

As the epidemic continues, KMB and LWB continue to enforce stringent anti-epidemic measures. Apart from disinfecting the fleet with medical-grade disinfectants, providing masks to frontline employees and giving free masks to passengers, KMB also arranged an outreach team from the government’s COVID-19 Vaccination Programme to provide vaccination service to employees and their families at a depot. We also work with the clinics to offer more service spots for employees’ vaccination. By supporting the lucky draw of The Hong Kong General Chamber of Commerce, the Group expresses gratitude to citizens who have received the vaccination.

The franchise of LWB will expire in 2023, and the government is reviewing the new franchises upon expiry of the current ones. The Group will strive for extending the current franchise to continue quality services for the public.

Non-franchised Operations

The COVID-19 has also brought adverse impacts to the SBH Group, NHKB and our transport operations in China Mainland. The Group hopes that the epidemic situation of Hong Kong and the mainland will turn better soon, with the ridership recovers as the local and border disease prevention measures gradually ease.

The superstructure work at the Kwun Tong Site, expected to be completed in 2022, will provide a stable return for shareholders. Last year, the Group initiated a redevelopment plan for its property in Tuen Mun to generate long-term sustainable income by office and retail space leasing. The Group will continue to explore sources of recurring income to pursue the business strategy.

In the challenging operating environment, the Group relies on the professionalism and unity of staff members. We express our heartfelt gratitude to our employees' strong commitment. The Group will continue to enhance the staff welfare, work environment, as well as internal communication. We also sincerely thank every passenger who chooses our bus service.

By Order of the Board

Norman LEUNG Nai Pang
Chairman

Hong Kong, 19 August 2021

SUPPLEMENTARY INFORMATION

CHANGES IN DIRECTORS' BIOGRAPHICAL DETAILS

The changes in Directors' biographical details since the date of the 2020 Annual Report of the Company which are required to be disclosed pursuant to Rule 13.51B(1) of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") are set out below:

Dr Eric Li Ka Cheung* GBS, OBE, JP, LLD, DSocSc, Hon DSocSc(EdUHK), BA, FCPA, FCA, FCPA(Aust.)

Dr Li ceased to be an Independent Non-executive Director of Hang Seng Bank, Limited with effect from 27 May 2021.

Allen FUNG Yuk Lun[^] BA, Ph.D.

Mr Fung ceased to be a Council Member of Sir Edward Youde Memorial Fund with effect from 30 June 2021.

Dr CHEUNG Wing Yui[^] BBS, BCom, Hon DBA, CPA(Aust.)

Dr Cheung is currently a director of The Community Chest of Hong Kong Limited.

(* Independent Non-executive Director)

([^] Non-executive Director)

Other than the information disclosed above, there is no other information that is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

The Directors of the Company who held office as at 30 June 2021 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 of 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	Other interests		
Dr Norman LEUNG Nai Pang*	–	–	–	–	–	–	–
Dr John CHAN Cho Chak*	2,000	–	–	–	–	2,000	–
Raymond KWOK Ping Luen	525,832	–	–	–	–	525,832	0.113%
	<i>(note 1)</i>						
NG Siu Chan	–	25,724,528	–	–	–	25,724,528	5.527%
William LOUEY Lai Kuen	8,032,913	–	–	–	26,821,148	34,854,061	7.488%
					<i>(note 2)</i>		
Charles LUI Chung Yuen	14,271	–	–	3,317,532	–	3,331,803	0.716%
				<i>(note 3)</i>			
Winnie NG	181,416	–	–	25,724,528	–	25,905,944	5.566%
(Director and Alternate Director to Mr NG Siu Chan)				<i>(note 4)</i>			
Dr Eric LI Ka Cheung*	–	–	–	–	–	–	–
Professor LIU Pak Wai*	–	–	–	–	–	–	–
Allen FUNG Yuk Lun	–	–	–	–	–	–	–
Roger LEE Chak Cheong	132,127	–	–	–	–	132,127	0.028%
(Managing Director)							
TSANG Wai Hung*	–	–	–	–	–	–	–
Dr CHEUNG Wing Yui	–	–	–	–	–	–	–
LEE Luen Fai	–	30,000	–	–	–	30,000	0.006%
LUNG Po Kwan	–	–	–	–	–	–	–
Susanna WONG Sze Lai	–	–	–	–	–	–	–
(Alternate Director to Mr Raymond KWOK Ping Luen)							
GAO Feng	–	–	–	–	–	–	–
(Alternate Director to Mr William LOUEY Lai Kuen)							

* Independent Non-executive Director

Notes:

1. Of these shares in the Company, Mr Raymond Kwok Ping Luen held 521,659 shares jointly with his spouse.
2. Mr William Louey Lai Kuen, Ms Phyllis Louey and Ms Carol Wilma Louey entered into a shareholders voting agreement and together have interests in 34,854,061 shares of the Company.
3. Mr Charles Lui Chung Yuen and members of his family together had interests in certain private trusts which beneficially held 3,317,532 shares in the Company.
4. Ms Winnie Ng had an interest in 25,724,528 shares in the Company as a beneficiary in certain private trusts which beneficially held the aforesaid block of shares.

As at 30 June 2021, none of the Directors had any non-beneficial interest in the share capital of the Company.

II. Interests in Underlying Shares

Apart from the foregoing, 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.

SHARE OPTION SCHEMES

On 26 May 2016, the Company adopted a Share Option Scheme (the "Scheme"). Under the Scheme, the Board of Directors of the Company shall be entitled at any time within ten years commencing on 26 May 2016 to make an offer for the grant of a share option of the Company to any employees, including directors of the Company and its subsidiaries, as the Board may in its absolute discretion select. The options cannot be exercised under the Scheme before the first anniversary of the date of grant.

During the six months ended 30 June 2021, no share options were granted under the Share Option Scheme. Particulars of the outstanding share options granted under the Share Option Scheme and the movements during the six months ended 30 June 2021 were as follows:

	Number of share option			Date granted	Period during which options are exercisable	Exercise price per share	Market value per share at date of grant of options*
	Balance as at 1 January 2021	Forfeited during the period	Balance as at 30 June 2021				
Directors							
Roger LEE Chak Cheong	860,000	–	860,000	31 October 2016	31 October 2017 to 30 October 2021 (note 1)	HK\$23.45	HK\$23.45
	400,000	–	400,000	19 November 2020	19 November 2021 to 18 November 2025 (note 2)	HK\$15.32	HK\$15.32
	450,000	–	450,000	19 November 2020	19 November 2021 to 18 November 2025 (note 3)	HK\$15.32	HK\$15.32
Norman LEUNG Nai Pang	450,000	–	450,000	19 November 2020	19 November 2021 to 18 November 2025 (note 2)	HK\$15.32	HK\$15.32
John CHAN Cho Chak	425,000	–	425,000	19 November 2020	19 November 2021 to 18 November 2025 (note 2)	HK\$15.32	HK\$15.32
Raymond KWOK Ping Luen	400,000	–	400,000	19 November 2020	19 November 2021 to 18 November 2025 (note 2)	HK\$15.32	HK\$15.32
NG Siu Chan	400,000	–	400,000	19 November 2020	19 November 2021 to 18 November 2025 (note 2)	HK\$15.32	HK\$15.32
William LOUEY Lai Kuen	400,000	–	400,000	19 November 2020	19 November 2021 to 18 November 2025 (note 2)	HK\$15.32	HK\$15.32
Charles LUI Chung Yuen	400,000	–	400,000	19 November 2020	19 November 2021 to 18 November 2025 (note 2)	HK\$15.32	HK\$15.32
Winnie NG	400,000	–	400,000	19 November 2020	19 November 2021 to 18 November 2025 (note 2)	HK\$15.32	HK\$15.32

	Number of share option				Date granted	Period during which options are exercisable	Exercise price per share	Market value per share at date of grant of options*
	Balance as at 1 January 2021	Forfeited during the period	Balance as at 30 June 2021					
Allen FUNG Yuk Lun	400,000	–	400,000		19 November 2020	19 November 2021 to 18 November 2025 (note 2)	HK\$15.32	HK\$15.32
CHEUNG Wing Yui	400,000	–	400,000		19 November 2020	19 November 2021 to 18 November 2025 (note 2)	HK\$15.32	HK\$15.32
LEE Luen Fai	400,000	–	400,000		19 November 2020	19 November 2021 to 18 November 2025 (note 2)	HK\$15.32	HK\$15.32
LUNG Po Kwan	400,000	–	400,000		19 November 2020	19 November 2021 to 18 November 2025 (note 2)	HK\$15.32	HK\$15.32
Eric Li Ka Cheung	400,000	–	400,000		19 November 2020	19 November 2021 to 18 November 2025 (note 2)	HK\$15.32	HK\$15.32
LIU Pak Wai	400,000	–	400,000		19 November 2020	19 November 2021 to 18 November 2025 (note 2)	HK\$15.32	HK\$15.32
TSANG Wai Hung	400,000	–	400,000		19 November 2020	19 November 2021 to 18 November 2025 (note 2)	HK\$15.32	HK\$15.32
Employees	633,200	–	633,200		31 October 2016	31 October 2017 to 30 October 2021 (note 1)	HK\$23.45	HK\$23.45
Employees	7,100,000	(200,000)	6,900,000		19 November 2020	19 November 2021 to 18 November 2025 (note 3)	HK\$15.32	HK\$15.32

* being the weighted average closing price of the Company's ordinary shares on the date of grant.

Notes:

1. All the options are vested and exercisable progressively and the maximum percentage of the options which may be exercised is determined in stages as follows:

	Percentage of options granted
On or after 31 October 2017	30%
On or after 31 October 2018	60%
On or after 31 October 2019	100%

2. All the options are vested and exercisable progressively and the maximum percentage of the options which may be exercised is determined in stages as follows:

	Percentage of options granted
On or after 19 November 2021	50%
On or after 19 November 2022	100%

3. All the options are vested and exercisable progressively and the maximum percentage of the options which may be exercised is determined in stages as follows:

	Percentage of options granted
On or after 19 November 2021	30%
On or after 19 November 2022	60%
On or after 19 November 2023	100%

Save as disclosed above, there were no outstanding share options granted under the Scheme during the six months ended 30 June 2021.

DIRECTORS' INTERESTS IN CONTRACTS

As disclosed in note 17 to the interim financial report, certain subsidiaries of the Group entered into transactions with certain subsidiaries of a shareholder, Sun Hung Kai Properties Limited ("SHKP"). Certain Directors, namely Dr Norman Leung Nai Pang, Dr Eric Li Ka Cheung, Mr Raymond Kwok Ping Luen, Mr Allen Fung Yuk Lun and Dr Cheung Wing Yui are also directors of SHKP and/or Sun Hung Kai Properties Insurance Limited, and Mr Lee Luen Fai and Mr Lung Po Kwan are employees of SHKP. Among them, Mr Raymond Kwok Ping Luen is a director of SHKP and is materially interested in these transactions by virtue of his interest and deemed interest under Part XV of the SFO in more than 5% of the issued shares of SHKP.

Save as disclosed above, no contract of significance to which the Company, its subsidiaries or fellow subsidiaries were a party and in which a Director of the Company had a material interest, subsisted at 30 June 2021 or at any time during the six months ended 30 June 2021.

DISCLOSEABLE INTERESTS OF SHAREHOLDERS IN SHARES AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2021, the interests or short positions of the persons, other than Directors and the chief executive of the Company, being 5% or more in the interest 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 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			Total number of shares held	Percentage of total issued shares
	Registered shareholders	Corporate interests	Trustee interests		
HSBC Trustee (C.I.) Limited	–	–	187,647,687	187,647,687	40.3%
Sun Hung Kai Properties Limited (notes 1 and 2)	–	187,647,687	–	187,647,687	40.3%
Arklake Limited (note 1)	103,360,763	–	–	103,360,763	22.2%
Hung Fat (Hop Kee) General Contractors Limited (note 1)	30,941,693	–	–	30,941,693	6.6%
Wister Investment Limited (note 1)	27,448,464	–	–	27,448,464	5.9%
HSBC International Trustee Limited	37,805,269	–	–	37,805,269	8.1%
Kwong Tai Holdings (PTC) Limited (note 3)	25,724,528	–	–	25,724,528	5.5%

Notes:

- The interest disclosed by Sun Hung Kai Properties Limited (“SHKP”) includes the 161,750,920 shares disclosed by Arklake Limited, Hung Fat (Hop Kee) General Contractors Limited and Wister Investment Limited.
- 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 ten 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 ten years after 19 October 2001. With effect from 19 October 2011, the above transitional provisions expired and SHKP is subject to the 2% creeper under Rules 26.1(c) and (d) of the Takeovers Code.
- The interest disclosed by Kwong Tai Holdings (PTC) Limited includes 25,724,528 shares disclosed by Mr Ng Siu Chan and Ms Winnie Ng, both of whom are Directors of the Company.

ISSUE OF SHARES

On 30 June 2021, the Company issued 7,648,718 shares in lieu of the final dividend for the year ended 31 December 2020 at an issue price of HK\$15.62 per share under the scrip dividend scheme as set out in the circular of the Company dated 3 June 2021.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

Except for the aforesaid issue of shares on 30 June 2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period under review.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the code of conduct regarding securities transactions by Directors as set out in Appendix 10 to the Listing Rules during the interim period under review, and, following specific enquiry by the Company, it is noted that all Directors complied with the required standard of dealings set out therein.

CORPORATE GOVERNANCE

The Company complied with the applicable code provisions in the Corporate Governance Code set out in Appendix 14 of the Listing Rules in the six months ended 30 June 2021, except that two Directors of the Company were unable to attend the Annual General Meeting of the Company held on 20 May 2021 as provided for in code provision A.6.7 due to other engagements.

REVIEW OF INTERIM FINANCIAL REPORT

The interim financial report for the six months ended 30 June 2021 is unaudited, but has been reviewed 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, by the Company's external auditors, KPMG, whose review report is set out on page 43 of this interim report.

The Audit and Risk Management Committee of the Company, together with management and KPMG, has reviewed the accounting principles and policies adopted by the Group, discussed auditing, internal control, risk management and financial reporting matters, and also reviewed the unaudited interim financial report for the six months ended 30 June 2021.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2021 – UNAUDITED

(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June	
		2021 \$'million	2020 \$'million
Revenue	3 & 4	3,408.8	3,073.3
Other income	5	135.1	405.9
Staff costs	6(b)	(2,043.1)	(2,120.9)
Depreciation		(501.4)	(491.6)
Fuel and oil		(358.8)	(307.2)
Spare parts		(104.6)	(95.1)
Toll charges		(134.7)	(131.3)
Other operating expenses		(384.3)	(377.8)
Profit/(loss) from operations		17.0	(44.7)
Finance costs	6(a)	(8.5)	(17.6)
Share of profits/(losses) of associates		6.4	(95.6)
Share of profit of a joint venture		4.0	–
Profit/(loss) before taxation	6	18.9	(157.9)
Income tax credit	7	1.3	106.1
Profit/(loss) for the period		20.2	(51.8)
Earnings/(loss) per share	8		
Basic and diluted		\$0.04	\$(0.12)

The notes on pages 28 to 42 form part of this interim financial report.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2021 – UNAUDITED

(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2021 \$'million	2020 \$'million
Profit/(loss) for the period	20.2	(51.8)
Other comprehensive income for the period (after tax and reclassification adjustments):		
<i>Item that will not be reclassified to profit or loss:</i>		
Equity investment at fair value through other comprehensive income – net movement in fair value reserve (non-recycling), net of nil tax	60.9	(9.4)
<i>Items that are or may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of entities outside Hong Kong, net of nil tax	4.3	(12.3)
Investments in debt securities: net movement in fair value reserve (recycling), net of nil tax	(10.6)	6.9
Share of other comprehensive income of an associate, net of nil tax	3.1	36.3
Other comprehensive income for the period	57.7	21.5
Total comprehensive income for the period	77.9	(30.3)

The notes on pages 28 to 42 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2021 – UNAUDITED

(Expressed in Hong Kong dollars)

	Note	At 30 June 2021 \$'million	At 31 December 2020 \$'million
Non-current assets			
Investment properties		94.9	97.9
Investment property under development		3,367.4	3,005.4
Interest in leasehold land		52.3	53.3
Other property, plant and equipment	10	7,916.6	7,797.0
		11,431.2	10,953.6
Intangible assets		381.5	365.0
Goodwill		84.1	84.1
Interest in associates		670.4	656.6
Interest in a joint venture		749.5	750.5
Other financial assets	11	1,457.6	1,473.5
Employee benefit assets		1,675.5	1,701.5
Deferred tax assets		0.4	0.5
		16,450.2	15,985.3
Current assets			
Spare parts		111.3	95.3
Accounts receivable	12	694.8	660.5
Other financial assets	11	533.4	234.2
Deposits and prepayments		112.7	27.4
Current tax recoverable		4.0	5.1
Restricted bank deposits	13	391.0	350.4
Bank deposits and cash	13	898.3	1,943.3
		2,745.5	3,316.2
Current liabilities			
Accounts payable and accruals	14	1,511.3	1,585.5
Contingency provision – insurance		81.7	90.3
Bank loans		1,298.6	1,398.2
Lease liabilities		2.9	3.6
Current tax payable		8.1	9.3
		2,902.6	3,086.9

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2021 – UNAUDITED *(continued)*

(Expressed in Hong Kong dollars)

	At 30 June 2021 \$'million	At 31 December 2020 \$'million
Net current (liabilities)/assets	(157.1)	229.3
Total assets less current liabilities	16,293.1	16,214.6
Non-current liabilities		
Bank loans	1,819.4	1,684.3
Lease liabilities	1.4	1.9
Deferred tax liabilities	1,116.0	1,123.4
Contingency provision – insurance	198.5	217.7
Provision for long service payments	0.6	1.0
	3,135.9	3,028.3
NET ASSETS	13,157.2	13,186.3
CAPITAL AND RESERVES		
Share capital	465.4	457.8
Reserves	12,691.8	12,728.5
TOTAL EQUITY	13,157.2	13,186.3

Approved and authorised for issue by the Board of Directors on 19 August 2021

Norman LEUNG Nai Pang
Chairman

Roger LEE Chak Cheong
Managing Director

The notes on pages 28 to 42 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2021 – UNAUDITED

(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company									
	Note	Share capital \$'million	Share premium \$'million	Capital reserve \$'million	Other reserves \$'million	Exchange reserve \$'million	Fair value reserve (recycling) \$'million	Fair value reserve (non-recycling) \$'million	Retained profits \$'million	Total equity \$'million
Balance at 1 January 2020		446.9	947.7	4.3	1,102.6	91.1	0.6	500.6	7,877.9	10,971.7
Changes in equity for the six months ended 30 June 2020:										
Loss for the period		-	-	-	-	-	-	-	(51.8)	(51.8)
Other comprehensive income		-	-	-	-	(12.3)	6.9	26.9	-	21.5
Total comprehensive income		-	-	-	-	(12.3)	6.9	26.9	(51.8)	(30.3)
Shares issued in respect of scrip dividend – 2019 final dividend	9(ii)	10.9	152.8	-	-	-	-	-	-	163.7
Forfeiture of share options		-	-	(1.5)	-	-	-	-	1.5	-
Dividends approved in respect of the previous year	9(ii)	-	-	-	-	-	-	-	(312.9)	(312.9)
		10.9	152.8	(1.5)	-	-	-	-	(311.4)	(149.2)
Balance at 30 June 2020 and 1 July 2020		457.8	1,100.5	2.8	1,102.6	78.8	7.5	527.5	7,514.7	10,792.2
Changes in equity for the six months ended 31 December 2020:										
Profit for the period		-	-	-	-	-	-	-	1,955.9	1,955.9
Other comprehensive income		-	-	-	-	51.5	2.5	17.8	365.9	437.7
Total comprehensive income		-	-	-	-	51.5	2.5	17.8	2,321.8	2,393.6
Equity-settled share-based transactions		-	-	0.5	-	-	-	-	-	0.5

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2021 – UNAUDITED *(continued)*

(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company									
	Note	Share capital \$'million	Share premium \$'million	Capital reserve \$'million	Other reserves \$'million	Exchange reserve \$'million	Fair value reserve (recycling) \$'million	Fair value reserve (non-recycling) \$'million	Retained profits \$'million	Total equity \$'million
Balance at 31 December 2020 and 1 January 2021		457.8	1,100.5	3.3	1,102.6	130.3	10.0	545.3	9,836.5	13,186.3
Changes in equity for the six months ended 30 June 2021:										
Profit for the period		-	-	-	-	-	-	-	20.2	20.2
Other comprehensive income		-	-	-	-	4.3	(10.6)	64.0	-	57.7
Total comprehensive income		-	-	-	-	4.3	(10.6)	64.0	20.2	77.9
Shares issued in respect of scrip dividend – 2020 final dividend	9(ii)	7.6	111.9	-	-	-	-	-	-	119.5
Equity-settled share-based transactions	6(b)	-	-	2.4	-	-	-	-	-	2.4
Dividends approved in respect of the previous year	9(ii)	-	-	-	-	-	-	-	(228.9)	(228.9)
		7.6	111.9	2.4	-	-	-	-	(228.9)	(107.0)
Balance at 30 June 2021		465.4	1,212.4	5.7	1,102.6	134.6	(0.6)	609.3	9,627.8	13,157.2

The notes on pages 28 to 42 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2021 – UNAUDITED

(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2021 \$'million	2020 \$'million
Operating activities		
Cash generated from operations	221.2	514.5
Tax paid		
– Hong Kong Profits Tax	(6.1)	(57.4)
Net cash generated from operating activities	215.1	457.1
Investing activities		
Increase in restricted bank deposits	(40.6)	(107.8)
Decrease/(increase) in bank deposits with original maturities of over three months	708.2	(282.1)
Increase in loan receivables	–	(34.6)
Payment for the purchase of investment properties	(0.1)	(0.9)
Payment for the purchase of investment property under development	(345.9)	(196.0)
Payment for the purchase of other property, plant and equipment	(590.7)	(507.2)
Payment for the purchase of intangible assets	(16.5)	–
Receipt of government grant for the purchase of other property, plant and equipment	48.3	13.6
Receipt of government grant for the disposal of other property, plant and equipment	0.1	0.4
Proceeds from disposal of other property, plant and equipment	6.4	3.0
Finance costs paid and capitalised into investment property under development	(6.4)	(16.2)
Dividend received from associates	–	21.6
Payment for the purchase of debt securities	(624.0)	(244.7)
Proceeds on the maturity of debt securities	379.6	552.4
Net cash used in investing activities	(481.6)	(798.5)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2021 – UNAUDITED *(continued)*

(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June	
		2021 \$'million	2020 \$'million
Financing activities			
Proceeds from new bank loans		1,500.0	1,440.0
Repayment of bank loans		(1,465.0)	(825.0)
Loan repaid by a joint venture		5.0	–
Capital element of lease rentals paid		(1.2)	(1.6)
Interest element of lease rentals paid		(0.1)	(0.1)
Dividends paid to equity shareholders of the Company		(109.4)	(149.2)
Net cash (used in)/generated from financing activities		(70.7)	464.1
Net (decrease)/increase in cash and cash equivalents		(337.2)	122.7
Cash and cash equivalents at 1 January		1,133.1	542.4
Effect of foreign exchange rate changes		0.4	(16.1)
Cash and cash equivalents at 30 June		796.3	649.0
Analysis of cash and cash equivalents:			
Cash and cash equivalents in the consolidated statement of financial position	13	898.3	1,697.7
Less: bank deposits with original maturities of over three months	13	(102.0)	(1,048.7)
Cash and cash equivalents in the condensed consolidated cash flow statement		796.3	649.0

The notes on pages 28 to 42 form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars)

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, including compliance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). It was authorised for issue on 19 August 2021.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 annual financial statements. Details of any changes in accounting policies are set out in note 2.

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 2020 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

This interim financial report is unaudited, but has been reviewed by 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 43. This interim financial report has also been reviewed by the Audit and Risk Management Committee of the Company.

The financial information relating to the financial year ended 31 December 2020 that is included in the interim financial report as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements.

2 Changes in accounting policies

The Group has applied the Amendment to HKFRS 16, *Covid-19-related rent concessions beyond 30 June 2021*, issued by the HKICPA to this interim financial report for the current accounting period.

Other than the Amendment to HKFRS 16, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended HKFRS are discussed below:

Amendment to HKFRS 16, *Covid-19-related rent concessions beyond 30 June 2021 (2021 amendment)*

The Group previously applied the practical expedient in HKFRS 16 such that as lessee it was not required to assess whether rent concessions occurring as a direct consequence of the COVID-19 pandemic were lease modifications, if the eligibility conditions are met. One of these conditions requires the reduction in lease payments affect only payments originally due on or before a specified time limit. The 2021 amendment extends this time limit from 30 June 2021 to 30 June 2022.

The Group has early adopted the 2021 amendment and applies the practical expedient to all qualifying Covid-19-related rent concessions granted to the Group during the interim reporting period. Consequently, rent concessions received have been accounted for as negative variable lease payments recognised in profit or loss in the period in which the event or condition that triggers those payments occurred (see note 10(a)). There is no impact on the opening balance of equity at 1 January 2021.

3 Segment reporting

The Group manages its business by business lines. In a manner consistent with the way in which information is reported internally to the Group's chief operating decision maker ("CODM") for the purposes of resources allocation and performance assessment, the Group has presented the following two reportable segments:

Franchised bus operation :	The provision of franchised public transport services in Hong Kong.
Property holdings and development :	The holding and development of non-residential properties for the use as investment properties.
All other segments :	The provision of non-franchised transport services, provision of cross-boundary shuttle bus services between Lok Ma Chau (Hong Kong) and Huanggang (Shenzhen) and investment holding.

3 Segment reporting (continued)

(a) Segment results, assets and liabilities

Information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resources allocation and assessment of segment performance for the period is set out below:

	Franchised bus operation		Property holdings and development		All other segments (note)		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2021 \$'million	2020 \$'million	2021 \$'million	2020 \$'million	2021 \$'million	2020 \$'million	2021 \$'million	2020 \$'million
Revenue from external customers	3,287.0	2,929.8	23.8	37.2	98.0	106.3	3,408.8	3,073.3
Inter-segment revenue	3.9	1.6	2.7	2.9	1.8	6.2	8.4	10.7
Reportable segment revenue	3,290.9	2,931.4	26.5	40.1	99.8	112.5	3,417.2	3,084.0
Reportable segment (loss)/profit	(34.4)	(38.3)	23.4	29.0	0.0	(78.4)	(11.0)	(87.7)
As at 30 June/31 December								
Reportable segment assets	10,783.2	10,475.5	4,225.3	3,867.7	1,794.4	1,782.5	16,802.9	16,125.7
Reportable segment liabilities	4,259.7	4,380.8	1,623.4	1,611.2	105.2	87.5	5,988.3	6,079.5

Note: Results of all other segments arose mainly from the provision of non-franchised transport services and interest in associates. The share of profits of associates for the period amounted to \$6.4 million (six months ended 30 June 2020: share of losses of \$95.6 million).

Revenue and expenses are allocated to the reportable segments with reference to the revenue generated and expenses incurred by those segments. The measure used for reporting segment profit/(loss) is net profit/(loss) after taxation, adjusted for head office or corporate administration costs which are not specifically attributable to individual segments. Inter-segment revenue is priced with reference to prices charged to external parties for similar transactions.

3 Segment reporting *(continued)*

(b) Reconciliation of reportable segment revenue and profit/(loss)

	Six months ended 30 June	
	2021 \$'million	2020 \$'million
Revenue		
Reportable segment revenue	3,317.4	2,971.5
Revenue from all other segments	99.8	112.5
Elimination of inter-segment revenue	(8.4)	(10.7)
Consolidated revenue	3,408.8	3,073.3
Profit/(loss)		
Reportable segment loss	(11.0)	(9.3)
Loss from all other segments	0.0	(78.4)
Unallocated profits	31.2	35.9
Consolidated profit/(loss) for the period	20.2	(51.8)

4 Revenue

The principal activities of the Group are the operation of both franchised and non-franchised public transportation and property holdings and development.

The amount of each significant category of revenue is as follows:

	Six months ended 30 June	
	2021 \$'million	2020 \$'million
Fare revenue from franchised public bus services	3,133.0	2,815.4
Revenue from non-franchised transport services	97.8	106.1
Licence fee income	125.5	98.5
Media sales revenue	28.0	16.0
Gross rentals from investment properties	24.5	37.3
	3,408.8	3,073.3

5 Other income

	Six months ended 30 June	
	2021 \$'million	2020 \$'million
Interest income	30.0	43.6
Claims received	13.9	17.3
Net miscellaneous business receipts	4.7	3.1
Net gain on disposal of other property, plant and equipment	6.0	2.8
Net loss on derecognition of investments in debt securities	(3.1)	(0.2)
Net foreign exchange gain/(loss)	3.0	(8.1)
Government subsidies (note)	–	328.4
Drawdown from toll exemption fund (note 6(c))	49.4	–
Sundry income	31.2	19.0
	135.1	405.9

Note: This represented subsidies from the Hong Kong Special Administrative Region (“HKSAR”) Government to relieve the operating pressure on corporates, including franchised and non-franchised bus operators as a result of the outbreak of Coronavirus Disease (“COVID-19”). It mainly included wage subsidies and fuel subsidies, as well as regular repair and maintenance costs and insurance premium subsidies.

6 Profit/(loss) before taxation

Profit/(loss) before taxation is arrived at after charging/(crediting):

	Six months ended 30 June	
	2021 \$'million	2020 \$'million
(a) Finance costs		
Interest on bank loans	14.8	33.7
Interest on lease liabilities	0.1	0.1
Total interest expense on financial liabilities not at fair value through profit or loss	14.9	33.8
Less: interest expense capitalised into investment property under development	(6.4)	(16.2)
	8.5	17.6

6 Profit/(loss) before taxation (continued)

	Six months ended 30 June	
	2021	2020
	\$'million	\$'million
(b) Staff costs		
Defined benefit retirement plan expense	26.3	25.7
Contributions to defined contribution retirement plan	73.6	78.2
Movements in provision for long service payments	0.2	0.3
Total retirement cost	100.1	104.2
Equity-settled share-based payment expenses	2.4	–
Salaries, wages and other benefits	1,941.9	2,016.7
	2,044.4	2,120.9
Less: staff costs included in cost of mask production	(1.3)	–
	2,043.1	2,120.9
(c) Other item		
Provision for toll exemption fund (note)	77.2	94.7

Note: The HKSAR Government announced that with effect from 17 February 2019, all franchised buses are exempted from paying toll when using the Government tunnels and roads. However, each franchised bus operator is required to spend an equivalent amount of the toll saved to set up its own dedicated account known as the "Toll Exemption Fund" in which the fund will normally be used to lower the magnitude of future fare increases. In addition, any additional fare revenue resulting from the increase of bus fare on the jointly operated routes with other franchised bus operators arising from a fare adjustment is required to be paid into the Toll Exemption Fund. The balance of Toll Exemption Fund of the Group as at 30 June 2021, included in accounts payable and accruals (note 14), was \$395.9 million (31 December 2020: \$392.9 million). The drawdown from Toll Exemption Fund was recognised in the consolidated statement of profit or loss for the period.

7 Income tax

	Six months ended 30 June	
	2021 \$'million	2020 \$'million
Current tax – Hong Kong Profits Tax		
Provision for the period	6.0	5.6
Over-provision in respect of prior year	–	(24.8)
	6.0	(19.2)
The People's Republic of China ("PRC") withholding tax		
	–	1.0
	6.0	(18.2)
Deferred tax		
Origination and reversal of temporary differences	(7.3)	(87.9)
Income tax credit	(1.3)	(106.1)

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2020: 16.5%) to the six months ended 30 June 2021, except for a subsidiary of the Group which is a qualifying corporation under the two-tier Profits Tax rate regime.

For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated using the same basis in 2020.

8 Earnings/(loss) per share

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit attributable to equity shareholders of the Company of \$20.2 million (six months ended 30 June 2020: loss attributable to equity shareholders of the Company of \$51.8 million) and the weighted average number of shares in issue during the interim period, calculated as follows:

(i) *Profit/(loss) attributable to equity shareholders of the Company*

	Six months ended 30 June	
	2021 \$'million	2020 \$'million
Profit/(loss) attributable to equity shareholders of the Company	20.2	(51.8)

8 Earnings/(loss) per share *(continued)*

(a) Basic earnings/(loss) per share *(continued)*

(ii) *Weighted average number of ordinary shares*

	Six months ended 30 June	
	2021	2020
Issued ordinary shares at 1 January	457,820,696	446,941,011
Effect of shares issued in respect of scrip dividend	42,026	59,778
Weighted average number of ordinary shares at 30 June	457,862,722	447,000,789

(b) Diluted earnings/(loss) per share

The diluted earnings/(loss) per share for both the six months ended 30 June 2021 and 2020 are the same as basic earnings/(loss) per share as the effect of deemed issue of shares under the Company's share option scheme is anti-dilutive.

9 Capital, reserves and dividends

Dividends

(i) *Dividend payable to equity shareholders attributable to the interim period*

The Board does not recommend the declaration of an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

(ii) *Dividend payable to equity shareholders attributable to the previous financial year, approved and paid during the interim period*

	Six months ended 30 June			
	2021		2020	
	Per share \$	\$'million	Per share \$	\$'million
Final dividend in respect of the previous financial year, approved and paid during the period	0.50	228.9	0.70	312.9

The final dividend with a scrip dividend alternative in respect of the year ended 31 December 2020 was paid on 30 June 2021, of which \$119.5 million was settled by the issuance of 7,648,718 shares at an issue price of \$15.62 per share under the scrip dividend scheme.

The final dividend with a scrip dividend alternative in respect of the year ended 31 December 2019 was paid on 30 June 2020, of which \$163.7 million was settled by the issuance of 10,879,685 shares at an issue price of \$15.04 per share under the scrip dividend scheme.

10 Other property, plant and equipment

(a) Right-of-use assets

During the six months ended 30 June 2021, the Group entered into a number of lease agreements for use as staff rest kiosks and bus regulators' office, and therefore recognised additions to right-of-use assets of \$1.2 million (six months ended 30 June 2020: \$1.7 million).

As disclosed in note 2, the Group has early adopted the Amendment to HKFRS 16, *Covid-19-related rent concessions beyond 30 June 2021*, and applies the practical expedient to all eligible rent concessions received by the Group during the period. During the six months ended 30 June 2021, Covid-19-related rent concessions of \$1.2 million (six months ended 30 June 2020: \$0.6 million) were recognised in "Other income" accordingly.

(b) Acquisitions and disposals of owned assets

During the six months ended 30 June 2021, the Group acquired items of other property, plant and equipment with a cost of \$615.7 million (six months ended 30 June 2020: \$454.1 million). Items of plant and equipment with a net book value of \$0.4 million were disposed of during the six months ended 30 June 2021 (six months ended 30 June 2020: \$0.2 million), resulting in a net gain on disposal of \$6.0 million (six months ended 30 June 2020: \$2.8 million).

11 Other financial assets

	At 30 June 2021 \$'million	At 31 December 2020 \$'million
Debt securities listed outside Hong Kong (note)	1,378.0	1,155.6
Loan receivables	34.5	34.5
Unlisted equity securities	578.5	517.6
	1,991.0	1,707.7
Less: debt securities listed outside Hong Kong classified as current assets	(528.8)	(234.1)
loan receivables classified as current assets	(4.6)	(0.1)
	(533.4)	(234.2)
Other financial assets classified as non-current assets	1,457.6	1,473.5

Note: Debt securities are issued by corporate entities with credit rating ranging from BB- to A as at 30 June 2021 and 31 December 2020. At 30 June 2021 and 31 December 2020, the Group's investments in debt securities were neither past due nor impaired. Debt securities that will mature within one year are classified as current assets.

12 Accounts receivable

	At 30 June 2021 \$'million	At 31 December 2020 \$'million
Trade and other receivables	676.4	644.0
Interest receivable	18.8	16.9
Less: loss allowance	(0.4)	(0.4)
	694.8	660.5

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

Included in accounts receivable are trade receivables (net of loss allowance) with the following ageing analysis, based on the due date, as of the end of the reporting period:

	At 30 June 2021 \$'million	At 31 December 2020 \$'million
Current	60.0	41.0
Less than 1 month past due	74.1	59.7
1 to 3 months past due	25.8	35.5
More than 3 months past due	68.9	29.0
	228.8	165.2

According to the Group's credit policy, the credit period granted to customers is generally between 30 days and 90 days. Therefore, all the balances which are not past due as disclosed above are within three months from the invoice date.

13 Bank deposits and cash

	At 30 June 2021 \$'million	At 31 December 2020 \$'million
Cash at bank and on hand	404.0	359.4
Bank deposits	885.3	1,934.3
	1,289.3	2,293.7
Less: restricted bank deposits	(391.0)	(350.4)
Bank deposits and cash in the consolidated statement of financial position	898.3	1,943.3
Less: bank deposits with original maturities of over three months	(102.0)	(810.2)
Cash and cash equivalents in the condensed consolidated cash flow statement	796.3	1,133.1

14 Accounts payable and accruals

As of the end of the reporting period, the ageing analysis of trade payables (which are included in accounts payable and accruals), based on the due date, is as follows:

	At 30 June 2021 \$'million	At 31 December 2020 \$'million
Due within 1 month or on demand	177.8	95.3
Due after 1 month but within 3 months	1.0	0.6
Due after more than 3 months	2.7	2.6
Trade payables	181.5	98.5
Balance of passenger rewards	5.9	7.2
Balance of toll exemption fund (note 6(c))	395.9	392.9
Other payables and accruals	923.1	1,082.0
Amount due to an associate	4.9	4.9
	1,511.3	1,585.5

All of the accounts payable and accruals are expected to be settled within one year.

Credit period granted to the Group is generally between 30 days and 90 days. Therefore, all the balances which are due within one month or on demand as disclosed above are within three months from the invoice date.

15 Fair value measurement of financial instruments

(a) Financial assets and liabilities measured at fair value

HKFRS 13, *Fair value measurement* categorised recurring fair value measurement of the Group's financial instruments at the end of the reporting period into the three-level fair value hierarchy. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

	30 June 2021				31 December 2020			
	Fair value \$'million	Fair value measurements categorised into			Fair value \$'million	Fair value measurements categorised into		
		Level 1 \$'million	Level 2 \$'million	Level 3 \$'million		Level 1 \$'million	Level 2 \$'million	Level 3 \$'million
Recurring fair value measurements								
<i>Assets:</i>								
Investments in debt securities – listed	1,378.0	1,378.0	–	–	1,155.6	1,155.6	–	–
Unlisted equity securities	578.5	–	–	578.5	517.6	–	–	517.6
Derivative financial instruments – forward foreign exchange contracts	1.5	–	1.5	–	1.5	–	1.5	–
<i>Liabilities:</i>								
Derivative financial instruments – forward foreign exchange contracts	(0.3)	–	(0.3)	–	–	–	–	–

During the six months ended 30 June 2021, there was no transfer between instruments in Level 1 and Level 2, or transfers into or out of Level 3 (six months ended 30 June 2020: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

15 Fair value measurement of financial instruments *(continued)*

(b) Information about Level 3 fair value measurement

	Valuation technique	Significant unobservable inputs	Percentage
Unlisted equity instruments	Market comparable companies	Discount for lack of marketability	40% (2020: 40%)

The fair value of unlisted equity instruments is determined using market approach of comparable companies adjusted for lack of marketability discount. The fair value measurement is negatively correlated to the discount for lack of marketability. As at 30 June 2021, it is estimated that with all other variables held constant, a decrease/increase in the discount for lack of marketability by 5 percentage points would have increased/decreased the Group's other comprehensive income by \$48.2 million (2020: \$43.1 million).

The movement during the period in the balance of Level 3 fair value measurements is as follows:

	2021 \$'million	2020 \$'million
Unlisted equity securities:		
At 1 January	517.6	515.9
Net unrealised gain/(loss) recognised in other comprehensive income during the period	60.9	(9.4)
At 30 June	578.5	506.5

Any gains or losses arising from the remeasurement of the Group's unlisted equity securities held for strategic purpose are recognised in the fair value reserve (non-recycling) in other comprehensive income. Upon disposal of the equity securities, the amount accumulated in other comprehensive income is transferred directly to retained profits.

(c) Fair values of financial assets and liabilities carried at other than fair value

All financial instruments carried at cost or amortised cost were not materially different from their fair values as at 30 June 2021 and 31 December 2020 except for the amounts due from/to associates and loan to a joint venture of the Group which are unsecured, interest-free and have no fixed repayment/settlement terms. Given these terms, it is not meaningful to disclose their fair values.

16 Commitments

Capital commitments

- (i) At 30 June 2021, the Group had the following capital commitments in relation to the purchase of other property, plant and equipment not provided for in the interim financial report:

	At 30 June 2021 \$'million	At 31 December 2020 \$'million
Contracted for	496.1	826.3

- (ii) At 30 June 2021, the Group's share of capital commitments of a joint operation in respect of investment property under development not provided for in the interim financial report is as follows:

	At 30 June 2021 \$'million	At 31 December 2020 \$'million
Contracted for	1,409.2	1,752.8

17 Transactions with related companies

	Note	Six months ended 30 June	
		2021 \$'million	2020 \$'million
Nature of transactions			
Service fees for provision of coach services	(a) & (b)	23.1	25.4
Insurance premium paid	(c)	67.5	59.2
Amount paid and accrued for building management services	(d)	0.6	0.6
Amount paid and accrued for project management service and lease modification	(e)	–	–
Amount paid and accrued for a building contract	(f)	–	–
Advertising income	(g)	0.3	0.3

17 Transactions with related companies (continued)

Notes:

- (a) During the period, the Group provided coach services to certain subsidiaries of Sun Hung Kai Properties Limited (“SHKP”), a substantial shareholder of the Company. The amounts received and receivable for these coach services amounted to \$3.5 million (six months ended 30 June 2020: \$3.5 million). Outstanding balances due from these companies at 30 June 2021 amounted to \$1.4 million (31 December 2020: \$1.9 million).
- (b) The Group also provided coach services to residents of certain residential property developments managed by certain members of SHKP and its subsidiaries (“SHKP Group”) where the SHKP Group acts as agent for collection of the service fees (“Coach Service Arrangement”). The amounts received and receivable for these Coach Service Arrangements amounted to \$19.6 million (six months ended 30 June 2020: \$21.9 million). Outstanding balances due from these companies at 30 June 2021 amounted to \$9.5 million (31 December 2020: \$11.1 million).
- (c) In 2019 and 2020, the Group entered into contracts with a subsidiary of SHKP, Sun Hung Kai Properties Insurance Limited (“SHKPI”), for the provision of insurance services to the Group for the period from 1 January 2020 to 31 December 2021 (the “2020/21 Medical and Dental Insurance Arrangement”) and for the period from 1 January 2021 to 31 December 2022 (the “2021/22 Insurance Arrangements”) respectively. The amount paid and payable under the 2020/21 Medical and Dental Insurance Arrangement and 2021/22 Insurance Arrangements for the six months ended 30 June 2021 amounted to \$67.5 million (six months ended 30 June 2020: \$59.2 million). There was no outstanding balances payable under these contracts at 30 June 2021 and 31 December 2020.
- (d) On 3 July 2007, Lai Chi Kok Properties Investment Limited, Royal Elite Service Company Limited (“Royal Elite”), a subsidiary of SHKP, and the first assignee of a residential unit of Manhattan Hill entered into a deed of mutual covenant (the “Deed”) pursuant to which the parties agreed that Royal Elite would act as the manager of Manhattan Hill. The amount paid and payable under the Deed during the six months ended 30 June 2021 amounted to \$0.6 million (six months ended 30 June 2020: \$0.6 million). Outstanding balance payable for this contract at 30 June 2021 amounted to \$0.2 million (31 December 2020: \$0.2 million).
- (e) On 26 April 2010, KT Real Estate Limited (“KTRE”), a wholly-owned subsidiary of the Company, and Turbo Result Limited (“TRL”) a subsidiary of SHKP, entered into an agreement with Sun Hung Kai Real Estate Agency Limited (“SHKRE”), pursuant to which KTRE and TRL agreed to appoint SHKRE as the project manager for the management, supervision and control of the application for planning permission, the surrender and regrant of an industrial site at Kwun Tong (the “Kwun Tong Site”) and the construction of the Kwun Tong Site.

The amount payable for project management services shall be a sum equivalent to whichever is the higher of (1) \$20 million; and (2) the lower of (a) 1% of the project cost and (b) \$25 million. The amount payable for lease modification services shall be in the sum of the lower of (1) \$3.2 for each square foot of the permitted maximum gross floor area as approved under the lease modification; and (2) \$3.8 million. Outstanding balance payable for this contract at 30 June 2021 amounted to \$2.0 million (31 December 2020: \$2.0 million).

- (f) On 20 December 2018, KTRE, TRL and Yee Fai Construction Limited (“Yee Fai”) (a wholly-owned subsidiary of SHKP) entered into a building contract in which KTRE and TRL have engaged Yee Fai to carry out and complete the building works involving the construction of a commercial building at the Kwun Tong Site (the “Building Contract”). KTRE and TRL shall pay to Yee Fai, in equal shares, the contract sum of \$4,436.1 million (i.e. \$2,218.0 million each), subject to adjustments in accordance with the Building Contract. Outstanding balance payable for this contract as at 30 June 2021 amounted to \$94.1 million (31 December 2020: \$82.6 million).
- (g) During the period, the Group provided advertising services to certain subsidiaries of SHKP, a substantial shareholder of the Company. The amounts received and receivable for these advertising services amounted to \$0.3 million (six months ended 30 June 2020: \$0.3 million). Outstanding balances due from these companies at 30 June 2021 amounted to \$0.1 million (31 December 2020: Nil).



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

(Incorporated in Bermuda with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 20 to 42 which comprises the consolidated statement of financial position of Transport International Holdings Limited as of 30 June 2021 and the related consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the 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 2021 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

19 August 2021

CORPORATE DIRECTORY

BOARD OF DIRECTORS

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Mr Raymond KWOK Ping Luen, JP^)

GAO Feng

(Alternate Director to
Mr William LOUEY Lai Kuen^)

(* Independent Non-executive Director of the Company)

(^ Non-executive Director of the Company)

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Professor LIU Pak Wai
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(# Committee Chairman)

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