



載通國際
Transport International



2023
Interim Report

Transport International Holdings Limited

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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 2023 was HK\$133.7 million, representing an increase of HK\$27.3 million compared to the restated profit attributable to equity shareholders of HK\$106.4 million for the six months ended 30 June 2022. Excluding the effect of the change in the measurement of investment properties and investment property under development, the unaudited loss attributable to equity shareholders of the Company for the corresponding period in 2023 and 2022 would have been HK\$38.0 million and HK\$94.5 million respectively, representing an improvement of HK\$56.5 million or 59.8% compared to that for 2022. The improvement was mainly due to the continued recovery in bus patronage resulting from the relaxation of anti-pandemic measures implemented by the Government, which led to a significant increase in fare revenue from both franchised and non-franchised bus operations. However, this improvement was partly offset by the increase in fuel costs and staff costs. Earnings per share for the six months ended 30 June 2023 was HK\$0.28 per share (six months ended 30 June 2022 (restated): HK\$0.23 per share), representing an increase of HK\$0.05 per share compared with the corresponding period in 2022.

INTERIM DIVIDEND

The Board has declared that an interim dividend of HK\$0.30 per share for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil), totalling HK\$146.1 million (six months ended 30 June 2022: Nil), will be paid to shareholders whose names are on the Register of Members on 6 September 2023. The interim dividend will be payable in cash, with an option granted to shareholders to receive new and fully paid ordinary shares in lieu of cash or partly in cash and partly in shares under a scrip dividend scheme (the "Scrip Dividend Scheme"). The new shares will, on issue, not be entitled to the aforesaid interim dividend, but will rank pari passu in all other respects with the existing shares. The circular containing details of the Scrip Dividend Scheme and the election form are expected to be sent to shareholders in mid-September 2023.

The Scrip Dividend Scheme is conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting the listing of, and permission to deal in, the new shares to be issued under the Scrip Dividend Scheme. The interim dividend and the share certificates to be issued under the Scrip Dividend Scheme are expected to be distributed and sent to shareholders on 18 October 2023.

The Register will be closed on 6 September 2023. In order to qualify for the interim dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, no later than 4:30 p.m. on 5 September 2023.

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\$48.2 million for the six months ended 30 June 2023 (six months ended 30 June 2022: loss after taxation of HK\$139.1 million), representing a favourable variance of HK\$90.9 million compared with the corresponding period in 2022.
- Fare revenue for the six months ended 30 June 2023 was HK\$3,254.2 million, an increase of HK\$681.9 million or 26.5% compared with HK\$2,572.3 million for the corresponding period in 2022. The increase was mainly due to the increase in fare revenue as a result of the rebound in patronage. Non-fare revenue for the six months ended 30 June 2023 increased by HK\$27.8 million to HK\$145.3 million from HK\$117.5 million for the six months ended 30 June 2022.
- Total operating expenses for the six months ended 30 June 2023 amounted to HK\$3,517.7 million, an increase of 10.5% compared with HK\$3,182.9 million for the corresponding period in 2022. The increase was mainly attributable to the increase in fuel costs, staff costs and depreciation resulting from high international fuel prices, pay rises and fleet replacement, respectively.
- As at 30 June 2023, KMB operated a total of 436 routes (31 December 2022: 433 routes) covering Kowloon, the New Territories and Hong Kong Island. 163 Bus-bus Interchange (“BBI”) schemes covering all 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 also contribute towards a cleaner environment by improving bus utilisation and reducing traffic congestion on busy corridors.
- During the first half of 2023, a total of 66 Euro VI buses with the latest safety, environmental and design features were added to the fleet. As at 30 June 2023, KMB operated 4,049 buses (31 December 2022: 4,036 buses), comprising 3,892 double-deck and 157 single-deck buses. In addition, a total of 52 electric buses and 20 Euro VI double-deck buses were awaiting licensing in the second half of 2023.

Long Win Bus Company Limited ("LWB")

- The profit after taxation of LWB for the six months ended 30 June 2023 was HK\$3.2 million, representing a favourable variance of HK\$28.6 million compared with the loss after taxation of HK\$25.4 million for the six months ended 30 June 2022.
- Fare revenue for the six months ended 30 June 2023 increased by HK\$101.6 million or 72.9% to HK\$241.0 million compared with HK\$139.4 million for the corresponding period in 2022. The increase was mainly due to the significant increase in bus patronage resulting from the relaxation of travel restrictions, particularly with respect to visitor arrivals and departures.
- Total operating expenses for the six months ended 30 June 2023 amounted to HK\$237.1 million, an increase of HK\$33.2 million or 16.3% compared with HK\$203.9 million for the corresponding period in 2022. The increase was primarily due to the rise in staff costs and fuel costs.
- As at 30 June 2023, LWB had 30 BBI schemes covering 40 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 2023, LWB operated 40 regular routes with a fleet of 280 buses (31 December 2022: 261 buses), comprising 276 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\$1.0 million for the six months ended 30 June 2023 (six months ended 30 June 2022: profit after taxation of HK\$2.7 million). 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 2023 increased by 21.0% compared with the corresponding period in 2022. The increase was mainly due to the increase in local business and cross-boundary services. Total operating expenses for the period under review increased by 9.0% compared with the first half of 2022. This increase was mainly due to the increase in staff costs and other operating expenses resulting from inflation.
- As at 30 June 2023, the SBH Group had a fleet of 409 licensed buses (31 December 2022: 396 buses). During the first half of 2023, 20 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 the NHKB rebounded significantly after the resumption of the Huang Bus service on 6 February 2023 as a result of full resumption of the immigration clearance service for passengers at the Lok Ma Chau Control Point.
- As at 30 June 2023, NHKB had a fleet of 15 super-low floor single-deck buses, the same number as at 31 December 2022.

Property Holdings and Development

The Group’s Property Holdings and Development Division reported a profit after taxation of HK\$158.9 million (including a fair value gain of HK\$140.1 million) for the six months ended 30 June 2023, representing a decrease of HK\$68.6 million or 30.2% compared with the restated profit after taxation of HK\$227.5 million (including a fair value gain of HK\$197.5 million) for the corresponding period in 2022. The decrease was primarily due to the lesser extent of HK\$57.4 million in the fair value gain on investment properties and investment property under development. A review of the Group’s investment properties is set out as follows:

KT Real Estate Limited (“KTRE”)

- KTRE, a wholly-owned subsidiary of the Company, together with Turbo Result Limited (“TRL”), a subsidiary of Sun Hung Kai Properties Limited (“SHKP”), owns The Millennity situated at No. 98 How Ming Street, Kwun Tong, Kowloon, Hong Kong in equal shares as tenants in common for long-term investment purpose.
- The Millennity, a premium integrated commercial project strategically located in the heart of Kwun Tong, is close to Kwun Tong and Ngau Tau Kok MTR stations. An occupation permit was obtained in November 2022.
- The Millennity will offer Grade-A offices with a gross floor area of approximately 650,000 square feet in two 20-storey towers and a large shopping mall in a 10-storey podium covering leisurely retail space of approximately 500,000 square feet. Additionally, nearly 400 parking spaces will be provided in a 4-storey parking garage in the basement, a number of which will be equipped with electric vehicle charging systems.
- In December 2022, two subsidiaries of SHKP, Sun Hung Kai Real Estate (Sales and Leasing) Agency Limited and Kai Shing Management Services Limited were appointed as the marketing and leasing agent and the property manager for The Millennity, respectively.
- During the current period, two office towers of The Millennity have been completed and tenants have moved in, commencing their operations. The podium mall is still under construction and is expected to have its grand opening in the first half of 2024.

- As at 30 June 2023, the fair value of The Millennity amounted to HK\$6,525.0 million. Out of this amount, HK\$3,900.0 million was classified as investment property, while the remaining portion of HK\$2,625.0 million was classified as investment property under development in the consolidated statement of financial position. As of 31 December 2022 (restated), HK\$5,840.0 million was classified as investment property under development.

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 2023, the fair value of the building (classified as investment property in the consolidated statement of financial position) amounted to HK\$918.0 million (31 December 2022 (restated): HK\$921.3 million).

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 2023, the fair value of the shopping mall (classified as investment property in the consolidated statement of financial position), amounted to HK\$445.5 million (31 December 2022 (restated): HK\$444.5 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. On 23 June 2023, TMPI obtained approval from the Town Planning Board for a change of use from the existing industrial use to office, shop and services uses. As at 30 June 2023, 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 2023, the Group's total interests in associates within the China Mainland Transport Operations Division amounted to HK\$572.8 million (31 December 2022: HK\$599.8 million). Such investments are mainly related to the operation of passenger transport services in Shenzhen, and taxi and car rental services in Beijing. The Group's China Mainland Transport Operations Division reported similar results for the six months ended 30 June 2023, compared to the corresponding period in 2022.

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, minibuss and taxi services in Shenzhen City, Guangdong Province (廣東省深圳市). As at 30 June 2023, it had 5,315 taxis (including 4,800 electric taxis, which are operated by an associate) and 5,684 buses serving some 270 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 2023, BBKT had a fleet of 4,148 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 1,070 vehicles available for hire as at 30 June 2023.

FINANCIAL POSITION

Capital Expenditure

As at 30 June 2023, the carrying values of 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\$15,719.6 million (31 December 2022 (restated): HK\$15,136.5 million), none of which was pledged or charged.

During the six months ended 30 June 2023, the Group incurred capital expenditure of HK\$1,040.5 million (six months ended 30 June 2022: HK\$668.7 million), which was mainly used for the development of The Millenium and the purchase of new buses by the Group for fleet replacement.

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 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 2023, the Group's net borrowing (i.e. total borrowings less cash and deposits at banks) amounted to HK\$2,862.6 million (31 December 2022: HK\$2,725.1 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 borrowing)/ Net cash HK\$ million
<i>At 30 June 2023</i>				
Hong Kong dollars		1,480.2	(5,007.8)	(3,527.6)
United States dollars	83.6	655.0	–	655.0
Other currencies		10.0	–	10.0
Total		2,145.2	(5,007.8)	(2,862.6)
<i>At 31 December 2022</i>				
Hong Kong dollars		1,693.8	(4,967.6)	(3,273.8)
United States dollars	69.2	540.4	–	540.4
Other currencies		8.3	–	8.3
Total		2,242.5	(4,967.6)	(2,725.1)

As at 30 June 2023, bank loans, all unsecured, amounted to HK\$5,007.8 million (31 December 2022: HK\$4,967.6 million). The maturity profile of the bank loans of the Group is set out below:

	At 30 June 2023 HK\$ million	At 31 December 2022 HK\$ million
Within 1 year	1,186.7	1,674.6
After 1 year but within 2 years	162.2	299.5
After 2 years but within 5 years	3,658.9	2,993.5
	5,007.8	4,967.6

As at 30 June 2023, the Group had undrawn banking facilities totalling HK\$1,580.0 million (31 December 2022: HK\$620.0 million).

The finance costs incurred by the Group for the six months ended 30 June 2023 were HK\$49.1 million, an increase of HK\$40.1 million compared with HK\$9.0 million for the six months ended 30 June 2022. The increase was mainly due to the increase in average bank borrowings and the increase in average interest rate in respect of the Group's borrowings from 0.89% per annum for the six months ended 30 June 2022 to 3.26% per annum for the six months ended 30 June 2023.

As at 30 June 2023, the Group's cash and deposits at banks (mainly denominated in Hong Kong dollars and United States dollars) amounted to HK\$2,145.2 million (31 December 2022: HK\$2,242.5 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 as risky as not hedging, and would not necessarily result in a better financial position for the Group in the long term. Alternatively, the Group enters into contracts with diesel suppliers from time to time for the supply of diesel. It is expected that the fuel price will continue to be volatile, and management will continue to closely monitor fuel price movements and constantly review its strategy in respect of 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 financial assets measured at FVOCI (recycling) 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.

In view of the volatile financial markets and the prospect of interest rate hikes, the Group will continue to closely monitor the market conditions and devise 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 2023, 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.

The Group's credit risk is primarily attributable to trade and other receivables and debt investments. Management has a credit policy in place under which exposure to credit risk is monitored on an ongoing basis. The Group has established treasury management guidelines for investment of surplus cash reserves in debt securities for yield enhancement purposes. Limits are set for the total portfolio size and individual debt securities to minimise the overall risk as well as the concentration risk. The credit ratings of the debt issuers and market news relating to them, as available, are closely monitored over the life of the transactions. In addition, investment portfolio and investment strategies will be monitored and reviewed on a regular basis to minimise the risk of default on the investments in debt securities. Cash at bank and bank deposits are placed with licensed financial institutions with high credit ratings and the Group monitors the exposure to each financial institution. The Group does not provide guarantees to third parties which would expose the Group to credit risk.

CAPITAL COMMITMENTS

The Group's capital commitments as at 30 June 2023 amounted to HK\$558.6 million (31 December 2022: HK\$725.7 million). These commitments were mainly in respect of the development of The Millennity 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 2023, total remuneration excluding retirement costs and equity-settled share-based payment expenses amounted to HK\$2,002.1 million (six months ended 30 June 2022: HK\$1,872.6 million), accounting for about 52% 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 2023, the Group employed over 13,000 staff (31 December 2022: over 13,000 staff).

OUTLOOK

The uncertainty in the global economic outlook, continuous expansion of the local railway, volatile international fuel prices and increasing cost of human resources have brought challenges to the Group's operation. However, following the resumption of normalcy in the community and the reopening of borders, the numbers of passenger trips and visitor arrivals are gradually improving. TIH is confident that both franchised public bus operations and non-franchised transport operations in Hong Kong will be recovering to the pre-pandemic level. The Hong Kong SAR Government's approval of the fare adjustment of KMB and LWB effective from 18 June 2023 also helps ease the operating pressure. Together with LWB's new ten-year franchise from 1 May 2023 onwards, synergies between two franchised bus companies can bring positive impacts on the persistent provision of high quality and safe franchised bus services, as well as the expansion of bus network to attract passengers to continue to choose our bus services.

To further improve the bus service network, KMB and LWB have introduced and renovated a total of 31 Bus-bus Interchanges ("BBIs") with interchange discounts offered to various route combinations so that passengers can enjoy a point-to-point transport service. Information on routes and discounts offered at the BBIs is available on App1933 for passengers to make good use of our interchange networks more easily.

The Group has seized every development opportunity. Leveraging the establishment of new development areas and infrastructures, new bus routes were introduced while existing services were also enhanced to proactively expand our service to new passengers. In the meantime, facilities at bus stops and onboard were upgraded including using 5G technologies for a high-quality experience for our passengers. The Group has also strived to generate more non-fare box revenues by lobbying the Government for the implementation of different proposals. KMB is also strengthening its cooperation with Shenzhen Bus Group, in which TIH has interests, by promoting intermodal transportation projects and facilitating cross-boundary payments to cope with the enormous cross-border traffic demand brought by the integration into the Greater Bay Area.

To tie in with the carbon-neutral policies of the Nation and the Hong Kong SAR Government, the Group has laid down the development roadmap for achieving zero emissions of our bus fleets. KMB and LWB will have over 80 electric buses serving the public within this year, and are planning to have one-eighth of the fleets electrified by 2025 at the earliest. KMB is also building two new depots and actively upgrading facilities in existing depots to get prepared for the arrival of the new energy bus fleet.

The two grade-A office towers of The Millennity in Kwun Tong have been rented to a number of large organisations and enterprises. The 500,000-square-foot megamall at the podium is also expected to open within a few months in 2024. It is believed these will provide a steady return for our shareholders. The Group has also decided to redevelop the property in Tuen Mun, which will generate a long-term and continuous income through leasing the office and retail spaces. We will continue to open up recurrent income as one of our business strategies.

This year marks the 90th anniversary of KMB which has been rooted in Hong Kong since its establishment and upholding the commitment of serving the public throughout these nine decades. KMB will continue to nurture outstanding and professional talents in the transport industry with its years of precious experience. In the future, the Group will continue to walk with Hong Kong, with our staff members of every department making contributions on the road to smart and green transport with dedication and a strong sense of unity. We would like to express our heartfelt gratitude for the efforts made by every staff member, as well as each passenger for using our bus service.

By Order of the Board

Norman LEUNG Nai Pang
Chairman

Hong Kong, 17 August 2023

SUPPLEMENTARY INFORMATION

CHANGES IN THE COMPOSITION OF THE BOARD

The changes in the composition of the Board since the date of the 2022 Annual Report of the Company are set out below:

- (i) Mr NG Siu Chan, a former non-executive director of the Company passed away in May 2023;
- (ii) With effect from 15 June 2023, Mr KWOK Kai-wang, Christopher has been appointed as a non-executive director of the Company; and
- (iii) With effect from 15 June 2023, Mr WONG Hong Kit has been appointed, in place of Ms WONG Sze Lai, Susanna, as alternate director to Mr KWOK Ping Luen, Raymond of the Company.

Further details of the above were set out in the Company's announcement dated 5 June 2023 and 15 June 2023 respectively.

CHANGES IN DIRECTORS' BIOGRAPHICAL DETAILS

The changes in Directors' biographical details since the date of the 2022 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 John CHAN Cho Chak* GBS, JP, DBA(Hon), DSocSc(Hon), BA, DipMS, CCMI, FCILT, FHKIoD

Dr Chan ceased to be First Vice President and Chairman of the Executive Committee of the Community Chest of Hong Kong.

Raymond KWOK Ping Luen^ JP, MA(Cantab), MBA, Hon DBA, Hon LLD

Mr Kwok ceased to be a member of the 13th National Committee of the Chinese People's Political Consultative Conference.

Winnie NG^ JP, BA, MBA(Chicago), MPA(Harvard), FCIM, CMILT, MHKIoD

Ms Ng ceased to be a Court member of The Hong Kong Polytechnic University.

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

Dr Li ceased to be a member of the 13th National Committee of the Chinese People's Political Consultative Conference.

Allen FUNG Yuk Lun^ BA, Ph.D

Mr Fung ceased to be an Executive Committee Member of the Hong Kong Management Association and was elected a Professor of Practice of The Hong Kong Management Association.

Andy TSANG Wai Hung* GBS, PDSM, JP, MBA

Mr Tsang ceased to be a management strategist but remained as a management consultant for Chen Hsong Holdings Limited.

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

Dr Cheung retired as a Non-executive Director of Tianjin Development Holdings Limited in June 2023.

(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 2023 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 (the "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*	593,030	-	-	-	-	593,030	0.122%
Dr John CHAN Cho Chak*	2,000	-	-	-	-	2,000	-
Raymond KWOK Ping Luen	574,943	-	-	-	-	574,943	0.118%
	<i>(note 1)</i>						
William LOUEY Lai Kuen	8,771,100	11,052	-	-	12,818,983	21,601,135	4.436%
					<i>(note 2)</i>		
Charles LUI Chung Yuen	14,271	-	-	3,484,915	-	3,499,186	0.719%
				<i>(note 3)</i>			
Winnie NG	181,416	-	-	26,699,308	-	26,880,724	5.521%
				<i>(note 4)</i>			
Dr Eric LI Ka Cheung*	17,600	-	-	-	-	17,600	0.004%
Professor LIU Pak Wai*	-	-	-	-	-	-	-
Allen FUNG Yuk Lun	-	-	-	-	-	-	-
Roger LEE Chak Cheong	144,468	-	-	-	-	144,468	0.030%
	<i>(Managing Director)</i>						
TSANG Wai Hung*	-	-	-	-	-	-	-
Dr CHEUNG Wing Yui	-	-	-	-	-	-	-
LEE Luen Fai	-	30,000	-	-	-	30,000	0.006%
LUNG Po Kwan	-	-	-	-	-	-	-
Christopher KWOK Kai-wang	-	-	-	-	-	-	-
WONG Hong Kit	-	-	-	-	-	-	-
	<i>(Alternate Director to Mr Raymond KWOK Ping Luen)</i>						
GAO Feng	-	-	-	-	-	-	-
	<i>(Alternate Director to Mr William LOUEY Lai Kuen)</i>						

* Independent Non-executive Director

Notes:

1. Of these shares in the Company, Mr Raymond Kwok Ping Luen held 570,381 shares jointly with his spouse.
2. Mr William Louey Lai Kuen, Ms Kwok Chun Phyllis Ng Louey and Ms Kwok Won Carol Wilma Yu Louey entered into a shareholders voting agreement.
3. Mr Charles Lui Chung Yuen and members of his family together had interests in certain private trusts which beneficially held 3,484,915 shares in the Company.
4. Ms Winnie Ng had an interest in 26,699,308 shares in the Company as a beneficiary in certain private trusts which beneficially held the aforesaid block of shares.

As at 30 June 2023, 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.

On 19 November 2020, a total of 13,925,000 Share Options were granted by the Company, of which, 6,525,000 Share Options to 15 Directors and 7,400,000 Share Options to certain employees of the Group.

On 31 March 2023, a total of 16,350,000 share options were granted by the Company, of which, 6,980,000 share options to 15 Directors and 9,370,000 share options to certain employees of the Group and subsequently 15,970,000 share options were accepted by the grantees. Particulars of the outstanding share options granted under the Share Option Scheme and the movements during the six months ended 30 June 2023 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 2023	Granted during the period	Forfeited during the period	Balance as at 30 June 2023				
Directors								
Roger LEE Chak Cheong	400,000	-	-	400,000	19 November 2020	19 November 2021 to 18 November 2025 (note 1)	HK\$15.32	HK\$15.32
	450,000	-	-	450,000	19 November 2020	19 November 2021 to 18 November 2025 (note 2)	HK\$15.32	HK\$15.32
	-	430,000	-	430,000	31 March 2023	31 March 2024 to 29 February 2028 (note 3)	HK\$10.60	HK\$10.60
	-	470,000	-	470,000	31 March 2023	31 March 2024 to 29 February 2028 (note 4)	HK\$10.60	HK\$10.60
Norman LEUNG Nai Pang	450,000	-	-	450,000	19 November 2020	19 November 2021 to 18 November 2025 (note 1)	HK\$15.32	HK\$15.32
	-	470,000	-	470,000	31 March 2023	31 March 2024 to 29 February 2028 (note 3)	HK\$10.60	HK\$10.60
John CHAN Cho Chak	425,000	-	-	425,000	19 November 2020	19 November 2021 to 18 November 2025 (note 1)	HK\$15.32	HK\$15.32
	-	450,000	-	450,000	31 March 2023	31 March 2024 to 29 February 2028 (note 3)	HK\$10.60	HK\$10.60

TRANSPORT INTERNATIONAL HOLDINGS LIMITED

	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 2023	Granted during the period	Forfeited during the period	Balance as at 30 June 2023				
Raymond KWOK Ping Luen	400,000	–	–	400,000	19 November 2020	19 November 2021 to 18 November 2025 (note 1)	HK\$15.32	HK\$15.32
	–	430,000	–	430,000	31 March 2023	31 March 2024 to 29 February 2028 (note 3)	HK\$10.60	HK\$10.60
NG Siu Chan	400,000	–	–	400,000	19 November 2020	19 November 2021 to 18 November 2025 (notes 1 & 5)	HK\$15.32	HK\$15.32
	–	430,000	–	430,000	31 March 2023	31 March 2024 to 29 February 2028 (notes 3 & 5)	HK\$10.60	HK\$10.60
William LOUEY Lai Kuen	400,000	–	–	400,000	19 November 2020	19 November 2021 to 18 November 2025 (note 1)	HK\$15.32	HK\$15.32
	–	430,000	–	430,000	31 March 2023	31 March 2024 to 29 February 2028 (note 3)	HK\$10.60	HK\$10.60
Charles LUI Chung Yuen	400,000	–	–	400,000	19 November 2020	19 November 2021 to 18 November 2025 (note 1)	HK\$15.32	HK\$15.32
	–	430,000	–	430,000	31 March 2023	31 March 2024 to 29 February 2028 (note 3)	HK\$10.60	HK\$10.60
Winnie NG	400,000	–	–	400,000	19 November 2020	19 November 2021 to 18 November 2025 (note 1)	HK\$15.32	HK\$15.32
	–	430,000	–	430,000	31 March 2023	31 March 2024 to 29 February 2028 (note 3)	HK\$10.60	HK\$10.60

	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 2023	Granted during the period	Forfeited during the period	Balance as at 30 June 2023				
Allen FUNG Yuk Lun	400,000	-	-	400,000	19 November 2020	19 November 2021 to 18 November 2025 (note 1)	HK\$15.32	HK\$15.32
	-	430,000	-	430,000	31 March 2023	31 March 2024 to 29 February 2028 (note 3)	HK\$10.60	HK\$10.60
CHEUNG Wing Yui	400,000	-	-	400,000	19 November 2020	19 November 2021 to 18 November 2025 (note 1)	HK\$15.32	HK\$15.32
	-	430,000	-	430,000	31 March 2023	31 March 2024 to 29 February 2028 (note 3)	HK\$10.60	HK\$10.60
LEE Luen Fai	400,000	-	-	400,000	19 November 2020	19 November 2021 to 18 November 2025 (note 1)	HK\$15.32	HK\$15.32
	-	430,000	-	430,000	31 March 2023	31 March 2024 to 29 February 2028 (note 3)	HK\$10.60	HK\$10.60
LUNG Po Kwan	400,000	-	-	400,000	19 November 2020	19 November 2021 to 18 November 2025 (note 1)	HK\$15.32	HK\$15.32
	-	430,000	-	430,000	31 March 2023	31 March 2024 to 29 February 2028 (note 3)	HK\$10.60	HK\$10.60
Eric LI Ka Cheung	400,000	-	-	400,000	19 November 2020	19 November 2021 to 18 November 2025 (note 1)	HK\$15.32	HK\$15.32
	-	430,000	-	430,000	31 March 2023	31 March 2024 to 29 February 2028 (note 3)	HK\$10.60	HK\$10.60

TRANSPORT INTERNATIONAL HOLDINGS LIMITED

	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 2023	Granted during the period	Forfeited during the period	Balance as at 30 June 2023				
LIU Pak Wai	400,000	-	-	400,000	19 November 2020	19 November 2021 to 18 November 2025 (note 1)	HK\$15.32	HK\$15.32
	-	430,000	-	430,000	31 March 2023	31 March 2024 to 29 February 2028 (note 3)	HK\$10.60	HK\$10.60
TSANG Wai Hung	400,000	-	-	400,000	19 November 2020	19 November 2021 to 18 November 2025 (note 1)	HK\$15.32	HK\$15.32
	-	430,000	-	430,000	31 March 2023	31 March 2024 to 29 February 2028 (note 3)	HK\$10.60	HK\$10.60
Employees	3,900,000	-	(200,000)	3,700,000	19 November 2020	19 November 2021 to 18 November 2025 (note 2)	HK\$15.32	HK\$15.32
Employees	-	8,990,000	(380,000)	8,610,000	31 March 2023	31 March 2024 to 29 February 2028 (note 4)	HK\$10.60	HK\$10.60

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

Notes:

- 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%

- 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%

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 31 March 2024	50%
On or after 31 March 2025	100%

4. 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 March 2024	30%
On or after 31 March 2025	60%
On or after 31 March 2026	100%

5. Mr. NG Siu Chan passed away in May 2023, his personal representative(s) may exercise the Share Options (to the extent which has become exercisable and not already exercised) in whole or in part within a period of 12 months, following the date of death or such longer period as the Board may determine.

Save as disclosed above, there were no outstanding share options granted under the Scheme during the six months ended 30 June 2023.

DIRECTORS' INTERESTS IN CONTRACTS

As disclosed in note 18 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, Dr Cheung Wing Yui and Mr Christopher Kwok Kai-wang 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; and his son, Mr Christopher Kwok Kai-wang is a director of SHKP and SUNeVision Holdings Limited 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 2023 or at any time during the six months ended 30 June 2023.

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

As at 30 June 2023, 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	–	–	205,173,952	205,173,952	42.1%
Sun Hung Kai Properties Limited <i>(note 1)</i>	–	205,173,952	–	205,173,952	42.1%
Arklake Limited <i>(note 1)</i>	113,014,641	–	–	113,014,641	23.2%
Hung Fat (Hop Kee) General Contractors Limited <i>(note 1)</i>	33,831,644	–	–	33,831,644	6.9%
Wister Investment Limited <i>(note 1)</i>	30,012,147	–	–	30,012,147	6.2%
Kwong Tai Holdings (PTC) Limited <i>(note 2)</i>	26,699,308	–	–	26,699,308	5.5%

Notes:

1. The interest disclosed by Sun Hung Kai Properties Limited (“SHKP”) includes the 176,858,432 shares disclosed by Arklake Limited, Hung Fat (Hop Kee) General Contractors Limited and Wister Investment Limited.
2. The interest disclosed by Kwong Tai Holdings (PTC) Limited includes 26,699,308 shares disclosed by Ms Winnie Ng, who is a Director of the Company.

ISSUE OF SHARES

On 30 June 2023, the Company issued 11,974,451 shares in lieu of the final dividend for the year ended 31 December 2022 at an issue price of HK\$9.91 per share under the scrip dividend scheme as set out in the circular of the Company dated 2 June 2023.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

Except for the aforesaid issue of shares on 30 June 2023, 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 2023, except that three Directors of the Company were unable to attend the Annual General Meeting of the Company held on 18 May 2023 as provided for in code provision C.1.6 due to other engagements.

REVIEW OF INTERIM FINANCIAL REPORT

The interim financial report for the six months ended 30 June 2023 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 55 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 2023.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30 JUNE 2023 – UNAUDITED
(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June	
		2023 \$'million	2022 \$'million (Restated)
Revenue	3 & 4	3,805.4	2,946.7
Other income	5	98.2	359.6
Staff costs	6(b)	(2,084.3)	(1,973.2)
Depreciation		(593.6)	(539.6)
Fuel and oil		(487.9)	(342.7)
Spare parts		(106.7)	(98.9)
Toll charges		(144.9)	(126.2)
Other operating expenses		(452.1)	(395.8)
Profit/(loss) from operations		34.1	(170.1)
Change in fair value of investment properties and investment property under development	11(a)	140.1	197.5
Finance costs	6(a)	(49.1)	(9.0)
Share of profits of associates		—*	2.9
Share of profit of joint venture		4.0	3.3
Profit before taxation	6	129.1	24.6
Income tax credit	7	4.6	81.8
Profit for the period		133.7	106.4
Earnings per share	8		
Basic and diluted		\$0.28	\$0.23

* The amount represents amount less than \$0.1 million.

The notes on pages 31 to 54 form part of this interim financial report.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2023 – UNAUDITED

(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2023 \$'million	2022 \$'million (Restated)
Profit for the period	133.7	106.4
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 ("FVOCI") – net movement in fair value reserve (non-recycling), net of nil tax	8.6	–
<i>Items that 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	(26.4)	(31.0)
Investments in financial assets measured at FVOCI (recycling): net movement in fair value reserve (recycling), net of nil tax	(91.6)	(297.1)
Share of other comprehensive income of an associate, net of nil tax	(0.4)	–
Other comprehensive income for the period	(109.8)	(328.1)
Total comprehensive income for the period	23.9	(221.7)

The notes on pages 31 to 54 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2023 – UNAUDITED

(Expressed in Hong Kong dollars)

	Note	At 30 June 2023 \$'million	At 31 December 2022 \$'million (Restated)
Non-current assets			
Investment properties	11	5,366.5	1,468.8
Investment property under development	11	2,625.0	5,840.0
Interest in leasehold land		47.5	48.5
Other property, plant and equipment	10	7,680.6	7,779.2
		15,719.6	15,136.5
Intangible assets		529.1	529.1
Goodwill		84.1	84.1
Interest in associates		572.8	599.8
Interest in joint venture		749.3	751.2
Other financial assets	12	1,426.3	1,716.3
Employee benefit assets		1,550.0	1,541.0
Deferred tax assets		2.3	0.7
		20,633.5	20,358.7
Current assets			
Spare parts		111.3	95.5
Accounts receivable	13	970.8	957.2
Other financial assets	12	305.3	216.0
Deposits and prepayments		92.8	32.0
Current tax recoverable		3.2	2.6
Restricted bank deposits	14	466.2	442.9
Bank deposits and cash	14	1,679.0	1,799.6
		3,628.6	3,545.8
Current liabilities			
Accounts payable and accruals	15	1,956.4	1,531.1
Contingency provision – insurance		85.4	88.6
Bank loans		1,186.7	1,674.6
Lease liabilities		3.4	4.1
Current tax payable		16.0	13.5
		3,247.9	3,311.9

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2023 – UNAUDITED *(continued)*

(Expressed in Hong Kong dollars)

	At 30 June 2023 \$'million	At 31 December 2022 \$'million (Restated)
Net current assets	380.7	233.9
Total assets less current liabilities	21,014.2	20,592.6
Non-current liabilities		
Bank loans	3,821.1	3,293.0
Lease liabilities	2.4	3.1
Deferred tax liabilities	996.2	1,009.1
Contingency provision – insurance	148.7	148.5
Provision for long service payments	1.5	1.5
	4,969.9	4,455.2
NET ASSETS	16,044.3	16,137.4
CAPITAL AND RESERVES		
Share capital	486.9	474.9
Reserves	15,557.4	15,662.5
TOTAL EQUITY	16,044.3	16,137.4

Approved and authorised for issue by the Board of Directors on 17 August 2023

Norman LEUNG Nai Pang
Chairman

Roger LEE Chak Cheong
Managing Director

The notes on pages 31 to 54 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2023 – 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 2022 (restated)		465.4	1,212.4	4.7	1,102.6	148.8	(110.4)	739.6	12,419.4	15,982.5
Changes in equity for the six months ended 30 June 2022:										
Profit for the period		-	-	-	-	-	-	-	106.4	106.4
Other comprehensive income		-	-	-	-	(31.0)	(297.1)	-	-	(328.1)
Total comprehensive income		-	-	-	-	(31.0)	(297.1)	-	106.4	(221.7)
Shares issued in respect of scrip dividend – 2021 final dividend	9(b)	9.5	106.3	-	-	-	-	-	-	115.8
Forfeiture of share options	6(b)	-	-	(0.1)	-	-	-	-	0.1	-
Equity-settled share-based transactions	6(b)	-	-	0.8	-	-	-	-	-	0.8
Dividends approved in respect of the previous year	9(b)	-	-	-	-	-	-	-	(232.7)	(232.7)
		9.5	106.3	0.7	-	-	-	-	(232.6)	(116.1)
Balance at 30 June 2022 and 1 July 2022 (restated)		474.9	1,318.7	5.4	1,102.6	117.8	(407.5)	739.6	12,293.2	15,644.7
Changes in equity for the six months ended 31 December 2022:										
Profit for the period		-	-	-	-	-	-	-	493.0	493.0
Other comprehensive income		-	-	-	-	(25.4)	128.1	227.1	(330.5)	(0.7)
Total comprehensive income		-	-	-	-	(25.4)	128.1	227.1	162.5	492.3
Forfeiture of share options		-	-	(0.1)	-	-	-	-	0.1	-
Equity-settled share-based transactions		-	-	0.4	-	-	-	-	-	0.4
		-	-	0.3	-	-	-	-	0.1	0.4

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2023 – UNAUDITED *(continued)*
(Expressed in Hong Kong dollars)

	Note	Attributable to equity shareholders of the Company								
		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 2022 and 1 January 2023 (restated)		474.9	1,318.7	5.7	1,102.6	92.4	(279.4)	966.7	12,455.8	16,137.4
Changes in equity for the six months ended 30 June 2023:										
Profit for the period		-	-	-	-	-	-	-	133.7	133.7
Other comprehensive income		-	-	-	-	(26.4)	(91.6)	8.2	-	(109.8)
Total comprehensive income		-	-	-	-	(26.4)	(91.6)	8.2	133.7	23.9
Shares issued in respect of scrip dividend – 2022 final dividend	9(b)	12.0	106.7	-	-	-	-	-	-	118.7
Forfeiture of share options		-	-	(0.1)	-	-	-	-	0.1	-
Equity-settled share-based transactions	6(b)	-	-	1.8	-	-	-	-	-	1.8
Dividends approved in respect of the previous year	9(b)	-	-	-	-	-	-	-	(237.5)	(237.5)
		12.0	106.7	1.7	-	-	-	-	(237.4)	(117.0)
Balance at 30 June 2023		486.9	1,425.4	7.4	1,102.6	66.0	(371.0)	974.9	12,352.1	16,044.3

The notes on pages 31 to 54 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2023 – UNAUDITED
(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2023 \$'million	2022 \$'million
Operating activities		
Cash generated from/(used in) operations	529.2	(181.5)
Tax paid		
– Hong Kong Profits Tax	(8.0)	(1.1)
Net cash generated from/(used in) operating activities	521.2	(182.6)
Investing activities		
Increase in restricted bank deposits	(23.3)	(10.3)
Increase in bank deposits with original maturities of over three months	(291.6)	(657.1)
Payment for the purchase of investment properties and investment property under development	(197.5)	(230.1)
Payment for the purchase of other property, plant and equipment	(414.7)	(325.4)
Payment for the purchase of intangible assets	–	(45.5)
Receipt of government grant for the purchase of other property, plant and equipment	–	54.4
Receipt of government grant for the disposal of other property, plant and equipment	3.7	–
Proceeds from disposal of other property, plant and equipment	4.8	2.8
Finance costs paid and capitalised into investment property under development	(28.9)	(8.9)
Dividend received from associates	–	0.9
Payment for the purchase of other financial assets	–	(417.2)
Proceeds on the maturity of debt securities	85.9	418.5
Net cash used in investing activities	(861.6)	(1,217.9)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2023 – UNAUDITED *(continued)*

(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June	
		2023 \$'million	2022 \$'million
Financing activities			
Proceeds from new bank loans		4,310.0	3,190.0
Repayment of bank loans		(4,270.0)	(2,200.0)
Loan repaid by a joint venture		5.9	4.9
Capital element of lease rentals paid		(1.1)	(1.2)
Interest element of lease rentals paid		(0.1)	(0.1)
Dividends paid to equity shareholders of the Company		(118.8)	(116.8)
Net cash (used in)/generated from financing activities		(74.1)	876.8
Net decrease in cash and cash equivalents		(414.5)	(523.7)
Cash and cash equivalents at 1 January		1,356.8	825.8
Effect of foreign exchange rate changes		2.3	1.0
Cash and cash equivalents at 30 June		944.6	303.1
Analysis of cash and cash equivalents:			
Cash and cash equivalents in the consolidated statement of financial position	14	1,679.0	960.2
Less: bank deposits with original maturities of over three months	14	(734.4)	(657.1)
Cash and cash equivalents in the condensed consolidated cash flow statement		944.6	303.1

The notes on pages 31 to 54 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 17 August 2023.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 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 2022 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 55. 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 2022 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 HKICPA has issued HKFRS 17, *Insurance contracts*, and certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group.

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Nonetheless, the Group has implemented the following voluntary change in accounting policy in respect of the subsequent measurement of investment properties and investment property under development.

(a) Change in the measurement of investment properties and investment property under development ("Change in Measurement of IP and IPUD")

In previous years, the Group's investment properties were stated at cost less subsequent accumulated depreciation and any accumulated impairment losses, and investment property under development was stated at cost. During the current interim period, the Group has changed its accounting policy with respect to the measurement of investment properties and investment property under development from using cost model to fair value model. Under fair value model, after initial recognition, the Group measures these investment properties at fair value at each reporting date, with changes in the fair value recognised in the consolidated statement of profit or loss. Where investment properties and investment property under development are carried at their fair value, there is a rebuttable presumption that the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date.

The Group believes the new policy more suitably reflects the value of the investment properties and investment property under development and will aid comparability with other listed companies, so the change in accounting policy provides more relevant information to the users of financial statements. The Group also assesses that income capitalisation approach is the appropriate valuation technique to determine the fair value of the investment properties of the Group when compared to other valuation techniques. These changes have been applied retrospectively and the relevant comparative amounts have been restated accordingly.

2 Changes in accounting policies *(continued)*

(a) Change in the measurement of investment properties and investment property under development (“Change in Measurement of IP and IPUD”) *(continued)*

Effect of application of Change in Measurement of IP and IPUD

The following tables summarise the effects of Change in Measurement of IP and IPUD presented on the unaudited consolidated statement of profit or loss and other comprehensive income (extracts) for the six months ended 30 June 2023 and 2022 by line items:

For the six months ended 30 June 2023	As presented before Change in Measurement of IP and IPUD \$'million	Effect of Change in Measurement of IP and IPUD \$'million	As presented \$'million
Change in fair value of investment properties and investment property under development	–	140.1	140.1
Depreciation	(625.2)	31.6	(593.6)
(Loss)/profit for the period	(38.0)	171.7	133.7
(Loss)/earnings per share – Basic and diluted	(0.08)	0.36	0.28

2 Changes in accounting policies *(continued)*

(a) Change in the measurement of investment properties and investment property under development (“Change in Measurement of IP and IPUD”) *(continued)*

Effect of application of Change in Measurement of IP and IPUD (continued)

For the six months ended 30 June 2022	As previously stated \$'million	Effect of Change in Measurement of IP and IPUD \$'million	As restated \$'million
Change in fair value of investment properties and investment property under development	–	197.5	197.5
Depreciation	(543.0)	3.4	(539.6)
(Loss)/profit for the period	(94.5)	200.9	106.4
(Loss)/earnings per share – Basic and diluted	(0.20)	0.43	0.23

2 Changes in accounting policies *(continued)*

(a) Change in the measurement of investment properties and investment property under development (“Change in Measurement of IP and IPUD”) *(continued)*

Effect of application of Change in Measurement of IP and IPUD (continued)

The following tables summarise the effects of Change in Measurement of IP and IPUD presented on the unaudited consolidated statement of financial position (extracts) as at 30 June 2023 and 31 December 2022 by line items:

As at 30 June 2023	As presented before Change in Measurement of IP and IPUD \$'million	Effect of Change in Measurement of IP and IPUD \$'million	As presented \$'million
Investment properties	2,772.4	2,594.1	5,366.5
Investment property under development	2,293.6	331.4	2,625.0
Total non-current assets	17,708.0	2,925.5	20,633.5
Deferred tax liabilities	1,001.9	(5.7)	996.2
Total non-current liabilities	4,975.6	(5.7)	4,969.9
Net assets	13,113.1	2,931.2	16,044.3
Retained earnings	9,420.9	2,931.2	12,352.1
Total equity	13,113.1	2,931.2	16,044.3

2 Changes in accounting policies *(continued)*

(a) Change in the measurement of investment properties and investment property under development (“Change in Measurement of IP and IPUD”) *(continued)*

Effect of application of Change in Measurement of IP and IPUD (continued)

As at 31 December 2022	As previously stated \$'million	Effect of Change in Measurement of IP and IPUD \$'million	As restated \$'million
Investment properties	89.8	1,379.0	1,468.8
Investment property under development	4,465.2	1,374.8	5,840.0
Total non-current assets	17,604.9	2,753.8	20,358.7
Deferred tax liabilities	1,014.8	(5.7)	1,009.1
Total non-current liabilities	4,460.9	(5.7)	4,455.2
Net assets	13,377.9	2,759.5	16,137.4
Retained earnings	9,696.3	2,759.5	12,455.8
Total equity	13,377.9	2,759.5	16,137.4

2 Changes in accounting policies *(continued)*

(b) New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism

In June 2022, the Government of the Hong Kong SAR (the "Government") gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance"), which will eventually abolish the statutory right of an employer to reduce its long service payment ("LSP") and severance payment payable to a Hong Kong employee by drawing on its mandatory contributions to the mandatory provident fund ("MPF") scheme (also known as the "offsetting mechanism"). The Government has subsequently announced that the Amendment Ordinance will come into effect from 1 May 2025 (the "Transition Date"). Separately, the Government is also expected to introduce a subsidy scheme to assist employers after the abolition.

Among other things, once the abolition of the offsetting mechanism takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory MPF contributions (irrespective of the contributions made before, on or after the Transition Date) to reduce the LSP in respect of an employee's service from the Transition Date. However, where an employee's employment commenced before the Transition Date, the employer can continue to use the above accrued benefits to reduce the LSP in respect of the employee's service up to that date; in addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that date.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" that provides guidance on the accounting considerations relating to the offsetting mechanism and the abolition of the mechanism. In particular, the guidance indicates that entities may account for the accrued benefits derived from its mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP; however, applying this approach, upon the enactment of the Amendment Ordinance in June 2022, entities can no longer apply the practical expedient in paragraph 93(b) of HKAS 19, *Employee Benefits*, to recognise such deemed contributions as reduction of current service cost in the period the related service is rendered, and any impact from ceasing to apply the practical expedient is recognised as a catch-up adjustment in profit or loss with a corresponding adjustment to the LSP liability in the financial statements for the year ended 31 December 2022.

The management has commenced the processes on implementing the change including additional data collection and impact assessment. However, the impact of the change is not reasonably estimable at the time this interim financial report is authorised for issue, as the Group has yet to fully complete its assessment of the impact of the HKICPA guidance.

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.

(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	
	2023	2022	2023	2022	2023	2022	2023	2022
	\$'million	\$'million	\$'million	\$'million (Restated)	\$'million	\$'million	\$'million	\$'million (Restated)
Revenue from external customers	3,643.8	2,832.0	39.5	25.4	122.1	89.3	3,805.4	2,946.7
Inter-segment revenue	0.5	0.4	2.2	2.7	0.5	1.4	3.2	4.5
Reportable segment revenue	3,644.3	2,832.4	41.7	28.1	122.6	90.7	3,808.6	2,951.2
Reportable segment (loss)/profit	(45.0)	(164.8)	158.9	227.5	0.5	3.3	114.4	66.0
As at 30 June/31 December								
Reportable segment assets	10,668.8	11,281.3	8,778.1	8,070.4	1,464.6	1,497.2	20,911.5	20,848.9
Reportable segment liabilities	4,702.4	5,211.2	3,370.8	2,416.1	95.2	94.9	8,168.4	7,722.2

Note: Results of all other segments mainly represented non-franchised transport operations and interest in associates.

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 is net profit 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

	Six months ended 30 June	
	2023 \$'million	2022 \$'million (Restated)
Revenue		
Reportable segment revenue	3,686.0	2,860.5
Revenue from all other segments	122.6	90.7
Elimination of inter-segment revenue	(3.2)	(4.5)
Consolidated revenue	3,805.4	2,946.7
Profit		
Reportable segment profit	113.9	62.7
Profit from all other segments	0.5	3.3
Unallocated profits	19.3	40.4
Consolidated profit for the period	133.7	106.4

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	
	2023 \$'million	2022 \$'million
Fare revenue from franchised public bus services	3,494.8	2,711.3
Revenue from non-franchised transport services	122.3	89.5
Licence fee income	117.2	97.0
Media sales revenue	29.0	21.3
Gross rentals from investment properties	42.1	27.6
	3,805.4	2,946.7

5 Other income

	Six months ended 30 June	
	2023 \$'million	2022 \$'million
Interest income	54.2	41.7
Net foreign exchange gain	5.7	3.1
Expected credit loss on other financial assets	(32.5)	–
	27.4	44.8
Claims received	10.0	5.8
Net miscellaneous business receipts	7.3	5.9
Net gain on disposal of other property, plant and equipment	5.1	2.3
Government subsidies (note)	–	280.3
Sundry income	48.4	20.5
	98.2	359.6

Note: This mainly represented subsidies from the Government of the Hong Kong Special Administrative Region (“HKSAR”) to relieve operating pressures on corporates, including franchised and non-franchised bus operators, as a result of the fifth wave of COVID-19 for the six months ended 30 June 2022.

6 Profit before taxation

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

	Six months ended 30 June	
	2023 \$'million	2022 \$'million
(a) Finance costs		
Interest on bank loans	84.8	19.2
Interest on lease liabilities	0.1	0.1
Total interest expense on financial liabilities not at fair value through profit or loss	84.9	19.3
Less: interest expense capitalised	(35.8)	(10.3)
	49.1	9.0

6 Profit before taxation (continued)

	Six months ended 30 June	
	2023 \$'million	2022 \$'million
(b) Staff costs		
Defined benefit retirement plan (income)/expense	(9.0)	12.1
Contributions to defined contribution retirement plan	87.4	80.2
Movements in provision for long service payments	2.6	8.7
Equity-settled share-based payment expenses	1.8	0.7
Salaries, wages and other benefits	2,002.1	1,872.6
	2,084.9	1,974.3
Less: staff costs included in cost of mask production	(0.6)	(1.1)
	2,084.3	1,973.2
(c) Other item		
Provision for toll exemption fund (note)	63.0	61.8

Note: The HKSAR Government announced that with effect from 17 February 2019, all franchised buses are exempted from paying tolls when using 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" which 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 the Toll Exemption Fund of the Group as at 30 June 2023, included in accounts payable and accruals (note 15), was \$465.9 million (31 December 2022: \$450.4 million).

7 Income tax

	Six months ended 30 June	
	2023 \$'million	2022 \$'million
Current tax – Hong Kong Profits Tax		
Provision for the period	5.0	4.5
Under-provision in respect of prior year	0.7	–
	5.7	4.5
The People's Republic of China ("PRC") withholding tax	0.3	0.9
	6.0	5.4
Deferred tax		
Origination and reversal of temporary differences	(10.6)	(87.2)
Actual tax credit	(4.6)	(81.8)

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2022: 16.5%) to the six months ended 30 June 2023, 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 \$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 2022.

8 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of \$133.7 million (six months ended 30 June 2022 (restated): profit attributable to equity shareholders of the Company of \$106.4 million) and the weighted average number of shares in issue during the interim period, calculated as follows:

(i) Profit attributable to equity shareholders of the Company

	Six months ended 30 June	
	2023 \$'million	2022 \$'million (Restated)
Profit attributable to equity shareholders of the Company	133.7	106.4

8 Earnings per share *(continued)*

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

(ii) *Weighted average number of ordinary shares*

	Six months ended 30 June	
	2023	2022
Issued ordinary shares at 1 January	474,940,075	465,469,414
Effect of shares issued in respect of scrip dividend	66,157	52,324
Weighted average number of ordinary shares at 30 June	475,006,232	465,521,738

(b) Diluted earnings per share

The diluted earnings per share for both the six months ended 30 June 2023 and 2022 are the same as basic earnings 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

(a) *Dividend payable to equity shareholders of the Company attributable to the interim period*

	Six months ended 30 June			
	2023		2022	
	Per share \$	\$'million	Per share \$	\$'million
Interim dividend declared after the interim period end	0.30	146.1	–	–

The interim dividend in respect of the six months ended 30 June 2023 has not been recognised as liability at the end of the reporting period.

9 Capital, reserves and dividends (continued)

Dividends (continued)

(b) Dividend payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the interim period

	Six months ended 30 June			
	2023		2022	
	Per share \$	\$'million	Per share \$	\$'million
Final dividend in respect of the previous financial year, approved and paid during the period	0.50	237.5	0.50	232.7

The final dividend with a scrip dividend alternative in respect of the year ended 31 December 2022 was paid on 30 June 2023, of which \$118.7 million was settled by the issuance of 11,974,451 shares at an issue price of \$9.91 per share under the scrip dividend scheme.

The final dividend with a scrip dividend alternative in respect of the year ended 31 December 2021 was paid on 30 June 2022, of which \$115.8 million was settled by the issuance of 9,470,661 shares at an issue price of \$12.23 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 2023, 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 \$1.6 million (six months ended 30 June 2022: \$3.8 million).

(b) Acquisitions and disposals of owned assets

During the six months ended 30 June 2023, the Group acquired items of other property, plant and equipment with a cost of \$498.4 million (six months ended 30 June 2022: \$349.5 million). Items of plant and equipment with a net book value of \$3.4 million were disposed of during the six months ended 30 June 2023 (six months ended 30 June 2022: \$0.5 million), resulting in a net gain on disposal of \$5.1 million (six months ended 30 June 2022: \$2.3 million).

11 Investment properties and investment property under development

(a) Movements during the period

	Investment properties \$'million	Investment property under development \$'million	Total \$'million
Valuation:			
At 1 January 2023 (restated)	1,468.8	5,840.0	7,308.8
Additions	–	542.6	542.6
Transfer upon completion	3,880.7	(3,880.7)	–
Increase in fair value, net	17.0	123.1	140.1
At 30 June 2023	5,366.5	2,625.0	7,991.5

(b) Fair value measurement

The following table presents the fair value of the Group's investment properties measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. 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.

11 Investment properties and investment property under development *(continued)*

(b) Fair value measurement *(continued)*

The Group's investment properties are valued using the income capitalisation approach by capitalising net income from the existing tenancies and reversionary income potential at appropriate capitalisation rates for individual properties. The capitalisation rate adopted is derived by making reference to the yields achieved from analysis of comparable property investment transactions and valuer's view of prevailing investor expectations regarding rental growth and perceived risks.

The Group's investment property under development is valued using the residual method by estimating the value of the property when completed using income capitalisation method with reference to comparable sales transactions assuming that the property had been completed in accordance with the current development plan on the valuation date less the costs that will be incurred to complete the development with appropriate allowance for profit and risk.

Set out below are the significant unobservable inputs used for fair value measurements:

	Unobservable inputs	Range
Investment properties in Hong Kong – commercial properties and industrial property	Capitalisation rate	3.8% to 4.75% (2022: 3.8% to 4.75%)
Investment property under development in Hong Kong	Capitalisation rate	3.5% (2022: 3.5%)

The fair values of the Group's investment properties and investment property under development are inversely related capitalisation rates, which are determined by reference to investors' expectations on investment yields, rental growth and the risk profile of the properties being valued. A lower (higher) capitalisation rate would imply a higher (lower) property value.

Fair value adjustment of investment properties and investment property under development is recognised in the line item "Fair value change of investment properties and investment property under development" on the face of the consolidated statement of profit or loss and other comprehensive income.

12 Other financial assets

	At 30 June 2023 \$'million	At 31 December 2022 \$'million
Equity securities designated at FVOCI (non-recycling)		
– Unlisted equity securities	1,025.8	1,017.2
Financial assets measured at FVOCI (recycling)		
– Debt securities listed outside Hong Kong (note)	635.4	843.1
Financial assets measured at amortised cost		
– Loan receivables	64.4	64.4
Other financial assets measured at FVPL	6.0	7.6
	1,731.6	1,932.3
Less: debt securities listed outside Hong Kong classified as current assets	(283.9)	(194.8)
loan receivables classified as current assets	(15.4)	(13.6)
other financial assets measured at FVPL classified as current assets	(6.0)	(7.6)
Other financial assets classified as current assets	(305.3)	(216.0)
Other financial assets classified as non-current assets	1,426.3	1,716.3

Note: During the current period, expected credit loss of \$32,500,000 (six months ended 30 June 2022: \$Nil) was recognised to reflect changes in credit risk for the investments in financial assets measured at FVOCI (recycling).

13 Accounts receivable

	At 30 June 2023 \$'million	At 31 December 2022 \$'million
Trade and other receivables	931.9	924.5
Interest receivable	39.3	33.1
Less: loss allowance	(0.4)	(0.4)
	970.8	957.2

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 2023 \$'million	At 31 December 2022 \$'million
Current	58.3	59.9
Less than 1 month past due	122.9	96.7
1 to 3 months past due	56.5	52.0
More than 3 months past due	135.1	126.9
	372.8	335.5

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.

14 Bank deposits and cash

	At 30 June 2023 \$'million	At 31 December 2022 \$'million
Cash at bank and on hand	580.4	69.8
Bank deposits	1,564.8	2,172.7
	2,145.2	2,242.5
Less: restricted bank deposits	(466.2)	(442.9)
Bank deposits and cash in the consolidated statement of financial position	1,679.0	1,799.6
Less: bank deposits with original maturities of over three months	(734.4)	(442.8)
Cash and cash equivalents in the condensed consolidated cash flow statement	944.6	1,356.8

15 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 2023 \$'million	At 31 December 2022 \$'million
Due within 1 month or on demand	82.1	120.4
Due after 1 month but within 3 months	2.3	0.6
Due after more than 3 months	0.9	0.7
Trade payables	85.3	121.7
Balance of toll exemption fund (note 6(c))	465.9	450.4
Retention payables	139.0	–
Other payables and accruals	1,261.3	954.1
Amount due to an associate	4.9	4.9
	1,956.4	1,531.1

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.

16 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 2023				31 December 2022			
	Fair value \$'million	Level 1 \$'million	Level 2 \$'million	Level 3 \$'million	Fair value \$'million	Level 1 \$'million	Level 2 \$'million	Level 3 \$'million
Recurring fair value measurements								
<i>Assets:</i>								
Investments in financial assets measured at FVOCI (recycling)	635.4	635.4	–	–	843.1	843.1	–	–
Other financial assets measured at FVPL	6.0	6.0	–	–	7.6	7.6	–	–
Unlisted equity securities	1,025.8	–	–	1,025.8	1,017.2	–	–	1,017.2
<i>Liabilities:</i>								
Derivative financial instruments – other forward foreign exchange contracts	–	–	–	–	(0.1)	–	(0.1)	–

During the six months ended 30 June 2023, 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 2022: 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.

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

(b) Information about Level 2 fair value measurement

The fair values of forward foreign exchange contracts in Level 2 were marked to market using quoted market prices from financial institutions.

(c) Information about Level 3 fair value measurement

	Valuation technique	Significant unobservable inputs	Percentage
Unlisted equity instruments	Market comparable companies	Discount for lack of marketability	35%

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 2023, 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 \$78.9 million.

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

	\$'million
Unlisted equity securities:	
At 1 January 2023	1,017.2
Net unrealised gains recognised in other comprehensive income during the period	8.6
At 30 June 2023	1,025.8

Any gains or losses arising from the remeasurement of the Group's unlisted equity securities held for strategic purposes are recognised in the fair value reserve (non-recycling) in other comprehensive income.

(d) 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 2023 and 31 December 2022 except for the amounts due from/to associates and loan to joint venture of the Group which are unsecured, interest-free and have no fixed terms of repayment/settlement. Given these terms, it is not meaningful to disclose their fair values.

17 Commitments

Capital commitments

- (i) At 30 June 2023, 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 2023 \$'million	At 31 December 2022 \$'million
Contracted for	535.3	345.7

- (ii) At 30 June 2023, 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 2023 \$'million	At 31 December 2022 \$'million
Contracted for	23.3	380.0

18 Transactions with related companies

	Note	Income/(expense) Six months ended 30 June	
		2023 \$'million	2022 \$'million
Nature of transactions			
Service fees for provision of coach services	(a) & (b)	23.3	20.2
Insurance premium paid	(c)	(47.2)	(58.0)
Amount paid and accrued for project management service and lease modification	(d)	–	–
Amount paid and accrued for a building contract	(e)	–	–
Amount paid and accrued for property management services	(f)	(3.7)	(0.4)
Amount paid and accrued for leasing agency services	(g)	(2.4)	–

Notes:

- (a) The Group provided coach services ("Shuttle Bus Service Agreements") to certain subsidiaries of Sun Hung Kai Properties Limited ("SHKP"), a substantial shareholder of the Company. The amounts received and receivable under the Shuttle Bus Service Agreements amounted to \$2.7 million (six months ended 30 June 2022: \$2.9 million). During the period, the Group also provided coach services to certain subsidiaries of SHKP ("Other Shuttle Bus Service Agreement"). The amounts received and receivable under the Other Shuttle Bus Service Agreements amounted to \$4.1 million (six months ended 30 June 2022: \$Nil). Outstanding balances due from these companies at 30 June 2023 amounted to \$2.7 million (31 December 2022: \$3.0 million).

18 Transactions with related companies (continued)

Notes: (continued)

- (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 Arrangement amounted to \$16.5 million (six months ended 30 June 2022: \$17.3 million). Outstanding balances due from these companies at 30 June 2023 amounted to \$7.0 million (31 December 2022: \$8.9 million).
- (c) In 2020, 2021 and 2022, 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 2021 to 31 December 2022 (the "2021/22 Insurance Arrangements"), for the period from 1 January 2022 to 31 December 2022 (the "2022 Supplemental Motor Insurance Arrangements") and for the period from 1 January 2023 to 31 December 2024 (the "2023/24 Insurance Arrangements") respectively. The amount paid and payable under the 2021/22 Insurance Arrangements, 2022 Supplemental Motor Insurance Arrangements and 2023/24 Insurance Arrangements for the six months ended 30 June 2023 amounted to \$47.2 million (six months ended 30 June 2022: \$58.0 million). There was no outstanding balance payable under these contracts at 30 June 2023 and 31 December 2022.
- (d) 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 the Millennity and the construction of the Millennity.

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. There was no outstanding balance for this contract at 30 June 2023 (31 December 2022: \$2.0 million).

- (e) 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 Millennity (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. Amount accrued and outstanding balance payable for this contract as at 30 June 2023 was \$372.1 million (31 December 2022: \$73.7 million).
- (f) 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 2023 amounted to \$0.4 million (six months ended 30 June 2022: \$0.4 million). Outstanding balance payable for this contract at 30 June 2023 amounted to \$0.1 million (31 December 2022: \$0.2 million).

On 29 December 2022, KTRE and TRL entered into the Property Management Agreement (the "Property Management Agreement") with Kai Shing Management Services Limited ("KSMS"), pursuant to which KSMS was appointed as the property manager for the units in the office/retail premises in The Millennity. The amount paid and payable under the Property Management Agreement during the six months ended 30 June 2023 amounted to \$3.3 million (six months ended 30 June 2022: \$Nil). There was no outstanding balance payable under these contracts at 30 June 2023 and 31 December 2022.

- (g) On 29 December 2022, KTRE and TRL entered into the Office Premises Leasing Management Agreement and Retail Premises Leasing Management Agreement (collectively, the "Leasing Agreements") with Sun Hung Kai Real Estate (Sales and Leasing) Agency Limited ("SHKRE(SL)"), pursuant to which SHKRE(SL) was appointed as the exclusive marketing and leasing agent and administrators for the units in the office and retail premises and parking spaces in The Millennity. The amount paid and payable under the Leasing Agreements during the six months ended 30 June 2023 amounted to \$2.4 million (six months ended 30 June 2022: \$Nil). There was no outstanding balance payable under these contracts at 30 June 2023 and 31 December 2022.



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 23 to 54 which comprises the consolidated statement of financial position of Transport International Holdings Limited as of 30 June 2023 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 2023 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

17 August 2023

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Dr Norman LEUNG Nai Pang*

GBS, JP, LLD, BA
Chairman

Dr John CHAN Cho Chak*

GBS, JP, DBA(Hon), DSocSc(Hon),
BA, DipMS, CCMI, FCILT, FHKIoD
Deputy Chairman

Raymond KWOK Ping Luen^

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

William LOUEY Lai Kuen^

BSc(Econ)

Charles LUI Chung Yuen^

M.H., BEc, AASA, FCILT

Winnie NG^

JP, BA, MBA(Chicago), MPA(Harvard),
FCIM, CMILT, MHKIoD

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GBS, OBE, JP, LLD, DSocSc,
Hon DSocSc(EdUHK), BA,
FCPA, FCA, FCPA(Aust.)

Professor LIU Pak Wai*

SBS, JP

Allen FUNG Yuk Lun^

BA, Ph.D.

Roger LEE Chak Cheong

BSc, MSc, MICE, CEng
Managing Director

TSANG Wai Hung*

GBS, PDSM, JP, MBA

Dr CHEUNG Wing Yui^

BBS, BCom, Hon DBA, CPA(Aust.)

LEE Luen Fai^

BBS, JP, BA

LUNG Po Kwan^

BSocSc, MSocSc(Economics), MBA, CFA

Christopher KWOK Kai-wang^

MBA, BSc, JP

GAO Feng

(Alternate Director to
Mr William LOUEY Lai Kuen^)

WONG Hong Kit

(Alternate Director to
Mr Raymond KWOK Ping Luen, JP^)

(* Independent Non-executive Director of the Company)

(^ Non-executive Director of the Company)

BOARD COMMITTEES

Audit and Risk Management Committee

Dr Eric LI Ka Cheung, JP#
Professor LIU Pak Wai, JP
Allen FUNG Yuk Lun
TSANG Wai Hung, JP

Nomination Committee

Dr John CHAN Cho Chak, JP#
Dr Eric LI Ka Cheung, JP
Allen FUNG Yuk Lun

Remuneration Committee

Dr John CHAN Cho Chak, JP#
Dr Eric LI Ka Cheung, JP
Professor LIU Pak Wai, JP
Winnie NG, JP
LUNG Po Kwan

Standing Committee

Dr Norman LEUNG Nai Pang, JP#
Dr John CHAN Cho Chak, JP
Raymond KWOK Ping Luen, JP
Charles LUI Chung Yuen
Winnie NG, JP
Roger LEE Chak Cheong
William LOUEY Lai Kuen
TSANG Wai Hung, JP

(# Committee Chairman)

COMPANY SECRETARY

Lana WOO

BA, MBA, FCG, HKFCG(PE),
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Wan Chai, Hong Kong

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Hamilton HM 12
Bermuda

AUDITOR

KPMG

Certified Public Accountants
Public Interest Entity Auditor registered in
accordance with the Financial Reporting
Council Ordinance
8/F, Prince's Building
10 Chater Road Central
Hong Kong

REGISTER OF MEMBERS

Book closure for 2023 interim dividend:
6 September 2023

DIVIDEND

Interim

HK\$0.30 per share,
payable on 18 October 2023

STOCK CODE

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



載通國際
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