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載通國際
Transport International

Transport International Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 62)

Announcement of Interim Results For the Six Months ended 30 June 2009

Consolidated income statement

	Note	**Six months ended 30 June** **2009** **HK$ million** **(Unaudited)**	2008 HK$ million (Unaudited)
Turnover	3, 10	**3,350.6**	3,878.4
Other net income	4	**42.5**	195.6
Cost of properties sold		**(4.1)**	(124.3)
Staff costs	5	**(1,535.5)**	(1,510.4)
Depreciation and amortisation		**(443.5)**	(458.5)
Fuel and oil		**(418.8)**	(887.5)
Toll charges		**(188.2)**	(174.8)
Spare parts and stores		**(116.5)**	(121.5)
Selling and marketing expenses for property sales		**(2.0)**	(21.0)
Other operating expenses		**(296.2)**	(325.0)
Profit from operations		**388.3**	451.0
Finance costs	6	**(6.0)**	(18.9)
Share of profits of associates		**23.7**	20.7
Share of profits/(losses) of jointly controlled entities		**3.0**	(1.8)
Profit before taxation		**409.0**	451.0
Income tax (expenses)/credit	7	**(61.1)**	7.8
Profit for the period		**347.9**	458.8

Consolidated income statement (continued)

	Note	Six months ended 30 June **2009** HK$ million (Unaudited)	2008 HK$ million (Unaudited)
Profit for the period attributable to:			
Equity shareholders of the Company		**339.9**	450.5
Minority interests		**8.0**	8.3
Profit for the period		**347.9**	458.8

	Note	2009	2008
Profit for the period attributable to equity shareholders of the Company:			
Arising from sales of Manhattan Hill properties		**24.2**	422.7
Arising from the Group's other operations		**315.7**	27.8
		339.9	450.5
Basic and diluted earnings per share:	9		
Arising from sales of Manhattan Hill properties		**HK$ 0.06**	HK$ 1.05
Arising from the Group's other operations		**HK$ 0.78**	HK$ 0.07
		HK$ 0.84	HK$ 1.12

Consolidated balance sheet

	Note	**At 30 June 2009 HK$ million (Unaudited)**	At 31 December 2008 HK$ million (Audited)
Non-current assets			
Fixed assets			
- Investment property		**118.6**	-
- Investment property under development		**-**	120.4
- Other property, plant and equipment		**3,985.5**	4,265.5
- Interest in leasehold land held for own use under operating leases		**79.0**	80.0
		4,183.1	4,465.9
Passenger service licences		**20.0**	15.0
Goodwill		**63.3**	62.9
Media assets		**0.6**	0.8
Non-current prepayments		**24.0**	28.8
Interest in associates		**857.9**	833.7
Interest in jointly controlled entities		**-**	20.4
Other financial assets		**70.9**	135.5
Employee benefit assets		**734.0**	755.4
Deferred tax assets		**8.4**	8.5
		5,962.2	6,326.9
Current assets			
Completed property held for sale		**79.8**	78.5
Spare parts and stores		**65.6**	76.2
Accounts receivable	11	**400.0**	717.8
Deposits and prepayments		**69.8**	28.9
Current taxation recoverable		**18.3**	24.6
Pledged bank deposit		**10.0**	-
Cash and cash equivalents		**3,537.6**	3,034.1
		4,181.1	3,960.1
Non-current assets held for sale		**22.9**	-
		4,204.0	3,960.1
Current liabilities			
Bank loans and overdrafts		**706.5**	725.4
Accounts payable and accruals	12	**875.1**	989.1
Third party claims payable		**136.6**	142.7
Current taxation payable		**62.8**	19.4
		1,781.0	1,876.6
Net current assets		**2,423.0**	2,083.5
Total assets less current liabilities		**8,385.2**	8,410.4

Consolidated balance sheet (continued)

	Note	**At 30 June 2009 HK$ million (Unaudited)**	At 31 December 2008 HK$ million (Audited)
Non-current liabilities			
Bank loans		**689.8**	589.7
Contingency provision - insurance		**336.9**	336.9
Deferred tax liabilities		**504.7**	531.3
Provision for long service payments		**37.8**	38.6
		1,569.2	1,496.5
Net assets		**6,816.0**	6,913.9
Capital and reserves			
Share capital		**403.6**	403.6
Reserves		**6,172.0**	6,257.2
Total equity attributable to equity shareholders of the Company		**6,575.6**	6,660.8
Minority interests		**240.4**	253.1
Total equity		**6,816.0**	6,913.9

Notes:

1. Independent review

The interim financial report for the six months ended 30 June 2009 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 Hong Kong Institute of Certified Public Accountants ("HKICPA"), whose unmodified review report is included in the interim report to be sent to shareholders. The interim financial report has also been reviewed by the Audit Committee of the Company.

2. Basis of preparation

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

The accounting policies adopted in the preparation of this interim financial report are consistent with those set out in the Group's 2008 annual financial statements except for changes in accounting policies, if required, in adopting the following new or revised Hong Kong Financial Reporting Standards ("HKFRSs") and interpretations that are first effective for accounting period beginning on or after 1 January 2009:

- HKFRS 8, *Operating segments*
- HKAS 1 (revised 2007), *Presentation of financial statements*
- Amendments to HKFRS 7, *Financial instruments: Disclosures – improving disclosures about financial instruments*
- Improvements to HKFRSs (2008)
- HKAS 23 (revised 2007), *Borrowing costs*
- Amendments to HKAS 27, *Consolidated and separate financial statements - cost of an investment in a subsidiary, jointly controlled entity or associate*

The adoption of HKFRS 8 and HKAS 1 (revised 2007) has impacts on the presentation and disclosures in the Group's 2009 interim financial report. The amendment to HKFRS 7 does not contain any additional disclosure requirements specifically applicable to the interim financial report. The adoption of the Improvements to HKFRSs (2008) and amendments to HKAS 23 and HKAS 27 does not have a material impact on the Group's results of operations and financial position.

3 Turnover

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

	Six months ended 30 June	
	2009	2008
	HK$ million	HK$ million
	(Unaudited)	(Unaudited)
Fare revenue from franchised public bus services	**3,055.3**	2,985.1
Revenue from non-franchised transport services	**169.0**	203.0
Revenue from sales of properties	**24.6**	597.5
Media sales revenue	**99.2**	92.8
Gross rentals from investment property	**2.5**	-
	3,350.6	3,878.4

4 Other net income

	Six months ended 30 June	
	2009	2008
	HK$ million	HK$ million
	(Unaudited)	(Unaudited)
Net (expense)/income recognised in respect of defined benefits retirement plans	**(21.5)**	89.2
Interest income on instalments receivable from sales of properties	**0.5**	23.3
Interest income on other financial assets not at fair value through profit or loss	**20.7**	48.9
Claims received	**14.8**	14.9
Net exchange (loss)/gain	**(4.0)**	7.0
Net miscellaneous business receipts	**3.1**	3.9
Dividend income from unlisted securities	**8.7**	4.9
Net gain/(loss) on disposal of fixed assets	**1.4**	(2.5)
Available-for-sale securities: reclassified from equity upon disposal	**(0.1)**	-
Net write-back of impairment loss on instalments receivable	**12.1**	-
Sundry net income	**6.8**	6.0
	42.5	195.6

5 Staff costs

	Six months ended 30 June	
	2009	2008
	HK$ million	HK$ million
	(Unaudited)	(Unaudited)
Contributions to defined contribution retirement plans	**30.6**	28.5
Movements in provision for long service payments	**3.5**	(4.3)
Salaries, wages and other benefits	**1,501.4**	1,486.2
	1,535.5	1,510.4

6 Finance costs

	Six months ended 30 June	
	2009	2008
	HK$ million	HK$ million
	(Unaudited)	(Unaudited)
Interest on bank loans and overdrafts not at fair value through profit or loss	**6.0**	18.9

7 Income tax

	Six months ended 30 June	
	2009	2008
	HK$ million	HK$ million
	(Unaudited)	(Unaudited)
Current tax		
Provision for Hong Kong Profits Tax for the period	**79.4**	127.3
Provision for the People's Republic of China ("PRC") income tax for the period	**0.3**	1.2
	79.7	128.5
Deferred tax		
Origination and reversal of temporary differences	**(18.6)**	(97.3)
Effect of decrease in Hong Kong Profits Tax rate from 17.5% to 16.5%	**-**	(39.0)
	(18.6)	(136.3)
Income tax expense/(credit)	**61.1**	(7.8)

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% for the six months ended 30 June 2009 (six months ended 30 June 2008: 16.5%). Taxation for subsidiaries in the PRC is similarly calculated using the estimated annual effective rates of taxation that are expected to be applicable in the PRC.

8 Dividends

(a) Dividend attributable to the interim period:

	Six months ended 30 June	
	2009	2008
	HK$ million	HK$ million
	(Unaudited)	(Unaudited)
Dividend declared after the interim period end:		
Ordinary interim dividend of HK$0.30 per share (2008: Ordinary interim dividend of HK$0.30 per share)	**121.1**	121.1

The dividend has not been recognised as a liability at the balance sheet date.

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

	Six months ended 30 June	
	2009	2008
	HK$ million	HK$ million
	(Unaudited)	(Unaudited)
Ordinary final dividend in respect of the financial year ended 31 December 2008, approved and paid during the following interim period, of HK$1.05 per share (year ended 31 December 2007: HK$1.58 per share)	**423.8**	637.8
Special final dividend in respect of the financial year ended 31 December 2008 of HK$Nil per share (year ended 31 December 2007: HK$2.00 per share)	**-**	807.2
	423.8	1,445.0

9 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of HK$339.9 million (six months ended 30 June 2008: HK$450.5 million) and 403.6 million shares in issue during the periods presented. The calculation of basic earnings per share arising from sales of Manhattan Hill properties and the Group's other operations is based on profits arising from the respective operations of HK$24.2 million (six months ended 30 June 2008: HK$422.7 million) and HK$315.7 million (six months ended 30 June 2008: HK$27.8 million) respectively and 403.6 million shares in issue during the periods presented.

(b) Diluted earnings per share

There are no dilutive potential ordinary shares during the six months ended 30 June 2009 and 2008.

10. Segment information

	Franchised bus operation Six months ended 30 June		Media sales business Six months ended 30 June		Property development Six months ended 30 June		All other segments (note) Six months ended 30 June		Total Six months ended 30 June	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$ million	HK$ million	**HK$ million**	HK$ million	**HK$ million**	HK$ million	**HK$ million**	HK$ million	**HK$ million**	HK$ million
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
Revenue from external customers	**3,087.3**	3,016.8	**67.2**	61.1	**24.6**	597.5	**171.5**	203.0	**3,350.6**	3,878.4
Inter-segment revenue	**21.9**	12.3	**8.0**	7.7	**-**	-	**9.7**	9.7	**39.6**	29.7
Reportable segment revenue	**3,109.2**	3,029.1	**75.2**	68.8	**24.6**	597.5	**181.2**	212.7	**3,390.2**	3,908.1
Reportable segment profit/(loss)	**251.3**	(52.8)	**17.0**	22.1	**23.9**	421.6	**34.5**	26.0	**326.7**	416.9

	At 30 June 2009	At 31 December 2008	**At 30 June 2009**	At 31 December 2008	**At 30 June 2009**	At 31 December 2008	**At 30 June 2009**	At 31 December 2008	**At 30 June 2009**	At 31 December 2008
	HK$ million	HK$ million	**HK$ million**	HK$ million	**HK$ million**	HK$ million	**HK$ million**	HK$ million	**HK$ million**	HK$ million
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
Reportable segment assets	**5,572.5**	5,286.7	**848.8**	888.1	**293.3**	342.7	**1,094.1**	1,470.8	**7,808.7**	7,988.3
Reportable segment liabilities	**2,921.1**	2,667.0	**35.4**	34.5	**214.1**	245.8	**244.8**	389.9	**3,415.4**	3,337.2

Note: Other operating segments which do not meet the quantitative thresholds prescribed by HKFRS 8 for determining reportable segments are combined as "all other segments". Such operating segments generate profits mainly from the provision of non-franchised transport operation, leasing of investment property and investments in associates and jointly controlled entities.

11 Accounts receivable

	At 30 June 2009 HK$ million (Unaudited)	At 31 December 2008 HK$ million (Audited)
Instalments receivable from sales of properties	**234.4**	299.9
Trade and other receivables	**214.2**	493.3
Interest receivable	**7.1**	9.1
Less: Allowance for doubtful debts	**(55.7)**	(84.5)
	400.0	717.8

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

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

	At 30 June 2009 HK$ million (Unaudited)	At 31 December 2008 HK$ million (Audited)
Current	**107.1**	342.2
1 to 3 months past due	**18.4**	15.8
More than 3 months past due	**167.7**	19.0
	293.2	377.0

The amount more than 3 months past due included instalments receivable from sales of properties of HK$146.7 million (31 December 2008: HK$6.9 million), which is net of allowance for doubtful debts of HK$52.1 million (31 December 2008: Nil). For instalments receivable from sales of properties, the properties sold serve as the collateral. Allowance for doubtful debts has been assessed based on the estimated fair value of the properties.

Trade receivables are normally due within 30 to 90 days from the date of billing.

12 Accounts payable and accruals

	At 30 June 2009 HK$ million (Unaudited)	At 31 December 2008 HK$ million (Audited)
Trade payables	**48.0**	139.9
Other payables and accruals	**827.1**	848.6
Financial liabilities measured at amortised cost	**875.1**	988.5
Derivative financial instruments	**-**	0.6
	875.1	989.1

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

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

	At 30 June 2009 HK$ million (Unaudited)	At 31 December 2008 HK$ million (Audited)
Due within 1 month or on demand	**40.1**	123.0
Due after 1 month but within 3 months	**6.5**	15.3
Due after more than 3 months	**1.4**	1.6
	48.0	139.9

INTERIM RESULTS

The Group's unaudited profit attributable to equity shareholders for the six months ended 30 June 2009 was HK$339.9 million (six months ended 30 June 2008: HK$450.5 million), representing a decrease of 24.5% as compared to the corresponding period in 2008. Earnings per share for the first half of 2009 decreased correspondingly to HK$0.84 from HK$1.12 for the six months ended 30 June 2008.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK$0.30 per share (six months ended 30 June 2008: HK$0.30 per share), amounting to HK$121.1 million for the six months ended 30 June 2009 (six months ended 30 June 2008: HK$121.1 million). The interim dividend will be paid on 15 October 2009 to the shareholders of Transport International Holdings Limited (the "Company") whose names are on the Register of Members at the close of business on 7 October 2009. The Register will be closed from 5 October 2009 to 7 October 2009, both dates inclusive. To qualify for the interim dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrars, Computershare Hong Kong Investor Services Limited, at 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 2 October 2009.

MANAGEMENT REVIEW AND OUTLOOK

REVIEW OF OPERATIONS AND RESULTS OF INDIVIDUAL BUSINESS UNITS

Franchised Public Bus Operations

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

- Profit after taxation for the six months ended 30 June 2009 amounted to HK$234.9 million (six months ended 30 June 2008: loss of HK$50.2 million). This represents a favourable change of HK$285.1 million compared to the corresponding period last year.

- In the first half of 2009, fare revenue and ridership amounted to HK$2,895.1 million (first half of 2008: HK$2,832.8 million) and 480.0 million passenger trips (first half of 2008: 490.0 million passenger trips) respectively. The increase in fare revenue was mainly due to the fare increase of 4.5% which took effect from 8 June 2008, but was partly offset by a decrease in total ridership of 2.0% compared to the first half of last year due mainly to the intensified competition from the railways and the decreased travel demand resulting from the economic downturn and higher unemployment rate. Advertising revenue for the first half of 2009 was HK$52.3 million, an increase of 21.1% compared to that of HK$43.2 million for the corresponding period last year. The increase was mainly due to the renewal of certain advertising licence agreements on more favourable terms and the introduction of bus interior advertising since February 2009.

- Total operating expenses for the period under review amounted to HK$2,697.0 million, representing a decrease of HK$306.8 million compared to HK$3,003.8 million for the first half of 2008. The decrease was mainly due to the decrease in fuel costs by HK$420.1 million or 53.8% during the first half of 2009 compared to the corresponding period last year, as a result of the fall in the price of Singapore 0.5% Sulphur Gas Oil ("Gasoil"), on which the price of ultra-low sulphur diesel used by our franchised public bus fleet is based. The decrease in fuel costs was, however, partly offset by the increase in staff costs and toll charges, as well as the increase in costs incurred for the defined benefit retirement plans, totalling HK$142.1 million.

- At the end of June 2009, KMB operated a total of 399 routes, the same number as at 31 December 2008. In addition, 74 Octopus Bus-bus Interchange ("BBI") schemes covering 262 bus routes operated both within the KMB route network and on joint inter-modal schemes with other public transport operators. These BBI schemes are welcomed by our passengers, who benefit from extensive fare discounts on the second leg of journeys and improved network coverage. The schemes bring other benefits, in the form of resource savings and reduced congestion along busy corridors.

- During the first half of 2009, 26 new air-conditioned single-deck buses equipped with Euro IV engines were licensed. At 30 June 2009, KMB operated a total of 3,920 buses (end of 2008: 3,933), comprising 3,767 double-deck and 153 single-deck buses, of which 3,741 buses (95.4%) were air-conditioned. In addition, at 30 June 2009, KMB had nine air-conditioned double-deck Euro IV buses and one air-conditioned single-deck Euro IV bus awaiting licensing; and 125 air-conditioned double-deck buses (comprising 64 Euro IV and 61 Euro V buses) and 63 air-conditioned single-deck buses (comprising 23 Euro IV and 40 Euro V buses) on order and due for delivery by early 2010.

Long Win Bus Company Limited ("LWB")

- Profit after taxation for the six months ended 30 June 2009 amounted to HK$16.4 million (six months ended 30 June 2008: loss of HK$2.7 million), representing a favourable change of HK$19.1 million compared to the corresponding period last year.

- Fare revenue for the first half of 2009 amounted to HK$160.2 million, representing an increase of 5.3% compared to HK$152.2 million for the corresponding period in 2008. The increase was mainly due to the 4.5% fare increase which took effect from 8 June 2008. During the period under review, LWB recorded a total ridership of 13.9 million passenger trips, a slight decrease of 0.7% compared to 14.0 million passenger trips for the corresponding period last year. The decrease in ridership was mainly due to the adverse impact of the financial crisis, which affected both recreational and business demand. In addition, the widespread incidence of human swine influenza had a negative impact on air travel demand, as reflected in the decline in passenger throughput at Hong Kong International Airport in the first half of 2009.

- Total operating expenses for the period under review amounted to HK$141.7 million, representing a decrease of HK$15.5 million or 9.8% compared to HK$157.2 million for the same period in 2008. The decrease was mainly due to the decrease in fuel costs of HK$22.1 million or 53.1% compared to the corresponding period last year, but this positive effect was partly offset by the increase in staff costs, toll charges and other operating expenses due to service enhancements.

- At 30 June 2009, six BBI schemes covering 12 bus routes were operated within LWB's bus network and on joint inter-modal schemes with other public transport operators.

Besides providing passengers with interchange fare discounts, the BBI schemes allow LWB to deploy its resources more effectively.

- In the first half of 2009, LWB licensed four new air-conditioned double-deck buses to strengthen the level of service on routes with increased demand. At 30 June 2009, LWB operated a total of 158 air-conditioned double-deck buses and three air-conditioned single-deck buses on a total of 18 routes, with three additional air-conditioned double-deck Euro IV buses awaiting licensing. The number of routes remained the same as at the end of 2008.

- At 30 June 2009, LWB had on order five new air-conditioned double-deck Euro IV buses which will be delivered by early 2010 to enhance its service network according to passenger demand.

Non-franchised Transport Operations

The Group's Non-franchised Transport Operations Division reported a profit after taxation of HK$11.8 million for the first half of 2009 (first half of 2008: HK$9.8 million), representing an increase of 20.4% compared to the corresponding period in 2008. Turnover decreased by 16.8% to HK$168.9 million compared to HK$203.0 million for the first half of 2008. 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 a leading non-franchised bus operator in Hong Kong. It provides customised high quality transport services to a wide range of customers, from those seeking premium services to those looking for value for money services. With Sun Bus Limited as its flagship subsidiary, the SBH Group offers a range of bus services tailored to specific market niches, including large residential estates, shopping malls, major employers, theme parks, deluxe hotels, travel agents and schools, as well as to the general public through chartered hire services.

- Turnover of the SBH Group for the first half of 2009 decreased by 2.6% compared to that for the corresponding period in 2008. The decrease was due mainly to the negative impact of the economic downturn and the outbreak of human swine influenza.

- To support its business expansion and service enhancement, 32 coaches were purchased in the first half of 2009, bringing the total number of buses to 380 at 30 June 2009.

New Hong Kong Bus Company Limited ("NHKB")

- NHKB jointly operates the cross-boundary shuttle bus service, the "Huang Bus" service, with its Shenzhen counterpart, carrying commuters and holidays travellers between Lok Ma Chau in Hong Kong and Huanggang (皇崗) in Shenzhen (深圳). The opening of the Lok Ma Chau Spur Line and the Lok Ma Chau Public Transport Interchange in August 2007, the launch of direct charter flights between Taiwan and China Mainland in July 2008, and the outbreak of human swine influenza in the first half of 2009 have caused a significant reduction in NHKB's average monthly ridership of 18% to 0.99 million passenger trips for the first half of 2009 from 1.21 million passenger trips for the corresponding period last year. At the end of June 2009, NHKB operated a total of 15 buses, the same number as at the end of 2008.

Park Island Transport Company Limited ("PITC")

- PITC provides quality shuttle bus and ferry services for the residents of and visitors to Park Island, a prestigious residential development on Ma Wan Island. On 1 June 2009, the Group disposed of its entire interest in PITC to Sun Hung Kai Transport Company Limited, a subsidiary of Sun Hung Kai Properties Limited. The details of the transaction were published in the Company's announcement dated 25 May 2009.

Property Holdings and Development

Lai Chi Kok Properties Investment Limited ("LCKPI")

- LCKPI is a wholly-owned subsidiary of the Group and the developer of Manhattan Hill, a luxurious residential complex in Lai Chi Kok, West Kowloon, which is made up of 1,115 residential units with a total gross floor area of more than one million square feet. Up to the end of June 2009, the sale of 1,107 units of Manhattan Hill with a total saleable gross floor area of about 1,173,600 square feet (representing approximately 98.6% of total saleable gross floor area) had been recognised, the same number as at the end of 2008.

- At 30 June 2009, the carrying value of completed property held for sale, comprising eight residential units and 39 car parking spaces (classified under current assets in the consolidated balance sheet), was HK$79.8 million (31 December 2008: HK$78.5 million).

LCK Commercial Properties Limited ("LCKCP")

- LCKCP, a wholly-owned subsidiary of the Group, is the owner of the new shopping mall, "Manhattan Mid-town", which is providing Manhattan Hill residents, as well as local householders and office staff, with high quality retail facilities. With a total gross floor area of about 50,000 square feet, this high-end retail complex complements the image of Manhattan Hill and provides a new shopping experience in the area. The mall was opened in the second quarter of 2009 and is generating additional rental income for the Group.

- At 30 June 2009, the net book value of the shopping mall (classified under investment property in the consolidated balance sheet) amounted to HK$118.6 million (31 December 2008: HK$120.4 million).

LCK Real Estate Limited ("LCKRE")

- LCKRE, a wholly-owned subsidiary of the Group, is the owner of a 17-storey commercial building situated at 9 Po Lun Street, Lai Chi Kok, Kowloon, which has a total gross floor area of about 156,700 square feet. The building is currently held by the Group for its own use and was stated on the consolidated balance sheet at cost less accumulated depreciation in the amount of HK$36.6 million (31 December 2008: HK$37.5 million).

Media Sales Business

RoadShow Holdings Limited and its subsidiaries (the "RoadShow Group")

- The RoadShow Group is a leading out-of-home media company in Greater China. It capitalises on a vibrant advertising market consisting of bus passengers and pedestrians traversing transit vehicle routes. RoadShow sells and markets business advertising on its proprietary Multi-media On-board ("MMOB") system in Hong Kong, and offers value added media sales, products and services at competitive prices. It also runs a television programme syndication and media sales network covering more than 200 cities in China Mainland. Currently, the Group has a 73% interest in the RoadShow Group.

- For the six months ended 30 June 2009, the RoadShow Group reported a profit attributable to equity shareholders of HK$14.4 million (six months ended 30 June 2008: HK$18.0 million), representing a decrease of 20.0% compared to the corresponding period in 2008. The decrease is mainly attributable to the fall in interest income and in exchange gain, which offset the increase in revenue for the first six months of 2009.

- Further information regarding the RoadShow Group is available in its 2009 interim report.

Mainland Transport Operations

As at 30 June 2009, the Group's total interest in the businesses under the Mainland Transport Operations Division amounted to HK$620.8 million (31 December 2008: HK$597.2 million). The investments are mainly related to the operation of public transport services in Shenzhen, and taxi and car rental services in Beijing. In the first half of 2009, the Group's Mainland Transport Operations Division reported a profit after taxation of HK$23.0 million, representing an increase of 70.4% compared to HK$13.5 million for the corresponding period in 2008.

Beijing (北京)

Beijing Beiqi Kowloon Taxi Company Limited (北京北汽九龍出租汽車股份有限公司) ("BBKT"), a Sino-foreign joint stock company, was established in Beijing (北京) in March 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%. Operating a fleet of more than 4,300 vehicles, BBKT is one of the leading operators in the taxi and car hire businesses in Beijing City. It made steady progress and continued to record a profit during the first half of 2009.

Shenzhen (深圳)

Shenzhen Bus Group Company Limited (深圳巴士集團股份有限公司) ("SBG"), which commenced operation in January 2005, is a Sino-foreign joint stock company formed by a wholly-owned subsidiary of the Group and four other Mainland investors. The Group has invested RMB387.1 million (equivalent to HK$363.9 million at the investment date) in SBG, representing a stake of 35%. SBG principally provides public bus and taxi services in Shenzhen City, Guangdong Province (廣東省深圳市), with 4,680 vehicles operating on some 205 routes. It continued to make steady progress and recorded a ridership of 416.9

million passenger trips in the first half of 2009 (first half of 2008: 372.2 million passenger trips).

Dalian (大連)

The co-operative joint venture ("CJV") in Dalian, Liaoning Province (遼寧省大連市), was established in July 1997 between a 60% owned subsidiary of the Group and Dalian Public Transportation Group Co., Ltd. (大連公交客運集團有限公司), formerly known as Dalian City No.1 Bus Company (大連市第一公共汽車公司). This CJV has a fleet of 84 single-deck buses operating on three routes serving Dalian City. In view of the fact that the CJV's operation was relatively small with limited prospects for expansion, the Group decided to divest from it and entered into an agreement with Dalian Public Transportation Group Co., Ltd. in April 2009 for the disposal of the Group's entire interest in the CJV.

FINANCIAL LIQUIDITY AND RESOURCES

The Group consistently adopts a prudent approach to managing its financial affairs. Its liquidity and financial resources are closely monitored to ensure that a healthy financial position is maintained such that cash inflows from operating activities together with undrawn committed banking facilities are sufficient to meet the requirements for loan repayments, daily operational needs and capital expenditure, as well as potential business expansion and development. The Group's operations were mainly financed by shareholders' funds, bank loans and overdrafts.

Net cash

At 30 June 2009, the Group's net cash (i.e. cash and deposits at banks less total borrowings) amounted to HK$2,151.3 million (31 December 2008: HK$1,719.0 million). An analysis of the Group's net cash by currency at 30 June 2009 is shown below:

	At 30 June 2009		*At 31 December 2008*	
Currency	**Net cash in foreign currency million**	**Net cash HK$ million (Unaudited)**	Net cash in foreign currency million	Net cash HK$ million (Audited)
Hong Kong Dollar		**1,668.7**		1,207.3
United States Dollar	**43.1**	**334.4**	47.1	365.3
British Pound Sterling	**1.7**	**22.2**	1.7	19.2
Renminbi	**111.5**	**126.0**	112.5	127.2
Total		**2,151.3**		1,719.0

Bank loans and overdrafts

At 30 June 2009, bank loans and overdrafts, all unsecured, amounted to HK$1,396.3 million (31 December 2008: HK$1,315.1 million). The maturity profile of the bank loans and overdrafts of the Group at 30 June 2009 and 31 December 2008 is shown below:

	At 30 June 2009 **HK$ million (Unaudited)**	*At 31December 2008* HK$ million (Audited)
Within 1 year or on demand	**706.5**	725.4
After 1 year but within 2 years	**400.0**	300.0
After 2 years but within 5 years	**289.8**	289.7
	689.8	589.7
Total	**1,396.3**	1,315.1

Banking facilities

At 30 June 2009, the Group had unutilised banking facilities totalling HK$302.6 million (31 December 2008: HK$535.0 million).

Finance costs

For the six months ended 30 June 2009, the finance costs incurred by the Group amounted to HK$6.0 million (six months ended 30 June 2008: HK$18.9 million). The average interest rate in respect of the Group's borrowings for the period under review was 0.81% per annum, a decrease of 158 basis points compared to 2.39% per annum for the corresponding period in 2008.

Cash and deposits at bank

At 30 June 2009, the Group's cash and deposits at banks (mainly denominated in Hong Kong Dollars, US Dollars, British Pounds Sterling and Renminbi) amounted to HK$3,547.6 million (31 December 2008: HK$3,034.1 million).

FUNDING AND TREASURY POLICIES

In general, the Group's major operating companies arrange their own financing to meet their operational and investment needs. The Group's other subsidiaries are mainly financed by the holding company from its capital base. The Group's funding strategy is regularly reviewed by management to ensure that cost-efficient and flexible funding is available to cater for the unique operating environment of each subsidiary. Stand-by banking facilities are maintained to facilitate routine treasury operations.

Interest rate risk management

It is the Group's policy to manage its exposure to interest rate risk in a prudent manner with a variety of techniques and instruments, including natural hedges achieved by spreading loans over different rollover and maturity dates. Derivative financial instruments such as interest rate swaps are used, as and when appropriate. At 30 June 2009, all of the Group's borrowings were denominated in Hong Kong Dollars and on a floating interest rate basis. This enabled the Group to take advantage of the lower floating interest rates compared to fixed rate financing during the period under review. The Group constantly reviews its strategy on interest rate risk management in the light of prevailing market conditions and devises suitable strategies to cope with risk exposure.

Currency risk management

The Group's foreign currency exposure mainly lies in payments for new buses and overseas motor vehicle components, which are mainly denominated in British Pounds Sterling. Although foreign currency exposure does not pose a significant risk to the Group as the levels of foreign currency assets and liabilities are relatively low compared to its total asset base, the Group will continue to closely monitor foreign exchange movements and enter into forward exchange contracts in a strategic manner when opportunities arise to hedge foreign currency fluctuations.

CAPITAL EXPENDITURE AND COMMITMENTS

The Group's fixed assets in the consolidated balance sheet mainly comprise buildings, interest in leasehold land held for own use under operating leases, investment property, buses and other motor vehicles, buses under construction and tools. None of the Group's fixed assets was pledged or charged as at 30 June 2009. In the six months ended 30 June 2009, capital expenditure incurred by the Group amounted to HK$268.4 million (six months ended 30 June 2008: HK$168.5 million). The capital expenditure was mainly incurred in the purchase of new buses.

At 30 June 2009, the Group's capital commitments outstanding and not provided for in the interim financial report amounted to HK$725.6 million (31 December 2008: HK$326.7 million). The commitments were mainly in respect of the purchase of buses and other fixed assets, which are financed by borrowings and the working capital of the Group.

CONTINGENT LIABILITIES

At 30 June 2009, the Company had undertaken to guarantee certain banking facilities granted to certain subsidiaries to the extent of HK$340.0 million (31 December 2008: HK$490.0 million). As at the balance sheet date, the Directors do not consider it probable that a claim will be made against the Company under any of the guarantees. The maximum liability of the Company at 30 June 2009 under the guarantees issued was the outstanding amount of the loans advanced by the banks to the subsidiaries totalling HK$290.0 million (31 December 2008: HK$405.0 million).

EMPLOYEES AND REMUNERATION POLICIES

Due to labour intensive nature of the transport industry, staff costs represent the major cost element of our operations. At 30 June 2009, the Group had 13,095 employees (31 December 2008: 13,321 employees), and total remuneration for the six months ended 30 June 2009 amounted to approximately HK$1,535.5 million (six months ended 30 June 2008: HK$1,510.4 million). The Group will continue to closely monitor and align the number and remuneration of its employees against productivity and market trends.

OUTLOOK

In the first half of 2009, the financial performance of the Group's franchised public bus business operated by KMB and LWB benefited from the decline in international fuel oil prices. However, the operating environment of KMB will remain difficult for a number of reasons. Firstly, the new railway lines that have opened in recent years (namely, the Tseung Kwan O Line, the West Rail Line, the Tsim Sha Tsui Extension and the Ma On Shan Line) and the formal merger of the two rail networks together with the offer of rail fare discounts have substantially eroded KMB's ridership. Secondly, the commissioning of the Kowloon Southern Link in August this year will further reduce KMB's ridership on the bus routes connecting Kowloon to Tuen Mun, Yuen Long and Tin Shui Wai. Thirdly, the contraction of the local economy, the high unemployment rate and the outbreak of human swine influenza are expected to continue to have an adverse effect on KMB's ridership. Fourthly, the recent rebound of fuel oil prices and the increase in other operating costs such as wages, tunnel toll charges and spare part expenses as well as costs incurred for adopting various environmental and customer service initiatives will also exert financial pressure on our franchised bus businesses. To address the difficulties currently facing KMB and LWB, we will seek to further rationalise our bus network and make the best use of resources so as to control operating costs as far as practicable.

The performance of our non-franchised transport operations improved during the first half of 2009 due also to the decline in international fuel oil prices. We will continue to enhance economies of scale, improve quality of service and find ways to increase our income wherever possible.

The sales of the residential flats at Manhattan Hill are nearly coming to a close, with only a few residential units available for sale in the second half of 2009. The renovation of "Manhattan Mid-town", our new shopping mall with a total area of approximately 50,000 square feet, was completed in early 2009, and currently more than 86% of its lettable area has been leased out. This has provided us with an additional income stream. We will continue to explore new business opportunities in Hong Kong and China Mainland, which is one of the few places in the world which has recorded robust economic growth.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the six months ended 30 June 2009, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's own shares.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICE

The Company has complied throughout the six months ended 30 June 2009 with the code provisions set out in the Code on Corporate Governance Practices as contained in Appendix 14 to the Listing Rules.

AUDIT COMMITTEE

The Audit Committee reviewed with management the accounting principles and policies adopted by the Group and discussed auditing, internal control and financial reporting matters, and also reviewed the unaudited interim financial report for the six months ended 30 June 2009. The review of the unaudited interim financial report was conducted with the Group's external auditors, KPMG.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the Company's website at www.tih.hk and the website of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk. The 2009 interim report will be available at the Company's website and despatched to shareholders of the Company in late September 2009.

By Order of the Board

S.Y. CHUNG
Chairman

Hong Kong, 17 September 2009

As at the date of this announcement, the Directors of the Company are The Hon. Sir Sze-yuen CHUNG, GBM, GBE, JP as Chairman and Independent Non-executive Director; Dr. Norman LEUNG Nai Pang, GBS, JP as Deputy Chairman and Independent Non-executive Director; Dr. KUNG Ziang Mien, James, GBS, OBE (with Mr. KUNG Lin Cheng, Leo as alternate), Dr. Eric LI Ka Cheung, GBS, OBE, JP and Mr. SIU Kwing-chue, Gordon, GBS, CBE, JP as Independent Non-executive Directors; Mr. Edmond HO Tat Man as Managing Director; Mr. Charles LUI Chung Yuen, M.H. as Executive Director; Mr. KWOK Ping-luen, Raymond, JP (with Mr. YUNG Wing Chung as alternate), Dr. KWOK Ping-sheung, Walter, JP (with Mr. SO Wai Kei, Godwin as alternate), Mr. NG Siu Chan (with Ms. Winnie NG as alternate), Mr. William LOUEY Lai Kuen, Mr. John CHAN Cho Chak, GBS, JP, Ms. Winnie NG, Mr. George CHIEN Yuan Hwei and Mr. John Anthony MILLER, SBS, OBE as Non-executive Directors.