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 2011

Financial Highlights

- The Group's unaudited profit attributable to equity shareholders of the Company for the first half of 2011 was HK$64.3 million (first half of 2010: HK$658.5 million, which included a non-recurrent capital gain of HK$489.1 million arising from the disposal of 50% of the Group's interest in an industrial site at Kwun Tong in January 2010), representing a decrease of 90.2% compared to the corresponding period of 2010.

- Earnings per share for the period under review were HK$0.16, a decrease of 90.2% compared to HK$1.63 for the six months ended 30 June 2010.

- An interim dividend of HK$0.15 per share for the six months ended 30 June 2011 has been declared (six months ended 30 June 2010: HK$0.30 per share).

- For the six months ended 30 June 2011, KMB recorded a loss after taxation of HK$16.0 million, an unfavourable change of HK$151.9 million compared to the profit after taxation of HK$135.9 million for the corresponding period of 2010. Such loss for the first half of 2011 had taken into account a deemed income of HK$42.4 million (first half of 2010: HK$37.1 million) determined by independent actuaries in respect of the two defined benefit staff retirement schemes operated by KMB in accordance with Hong Kong Accounting Standard 19 "Employee Benefits". If such deemed income was excluded, KMB's loss after taxation for the first half of 2011 would have been HK$51.4 million, representing an unfavourable change of HK$156.3 million compared to the profit after taxation of HK$104.9 million for the first half of 2010.

- The deterioration in KMB's financial performance in the first half of 2011 was mainly due to the significant rise in international fuel oil prices, resulting in KMB's fuel costs for the first half of 2011 surging to HK$675.3 million, a significant increase of HK$184.5 million or 37.6% compared to the corresponding period of 2010.

Financial Highlights (continued)

- For the six months ended 30 June 2011, loss attributable to the equity shareholders of RoadShow, in which the Company has a 73% interest, was HK$83.0 million (six months ended 30 June 2010: a loss of HK$97.7 million). Such a loss was mainly due to a non-cash impairment loss of HK$109.6 million (six months ended 30 June 2010: HK$110.0 million) made by the RoadShow Group on its investment in AdSociety Daye Advertising Company Limited, a joint venture in Mainland China. Despite the impairment loss made, the core business of the RoadShow Group has remained strong and profitable.

Consolidated income statement

	Note	Six months ended 30 June 2011 HK$ million (Unaudited)	2010 HK$ million (Unaudited)
Turnover	3, 12	**3,435.1**	3,307.8
Other net income	4	**115.4**	116.9
Cost of properties sold		**(22.9)**	(6.6)
Staff costs	5	**(1,522.1)**	(1,518.6)
Depreciation and amortisation		**(435.8)**	(442.4)
Fuel and oil		**(745.5)**	(544.2)
Toll charges		**(191.6)**	(181.4)
Spare parts and stores		**(120.5)**	(120.4)
Selling and marketing expenses for property sales		**(1.3)**	(2.2)
Other operating expenses		**(352.5)**	(338.2)
Profit from operations		**158.3**	270.7
Finance costs	6	**(4.2)**	(3.3)
Gain on disposal of building and interest in leasehold land	7	**-**	489.1
Share of profits of associates		**17.7**	21.0
Impairment loss on other financial assets	8	**(109.6)**	(110.0)
Profit before taxation		**62.2**	667.5
Income tax	9	**(17.9)**	(32.9)
Profit for the period		**44.3**	634.6

Consolidated income statement (continued)

	Note	Six months ended 30 June **2011** **HK$ million** **(Unaudited)**	 2010 HK$ million (Unaudited)
Profit/(loss) for the period attributable to:			
Equity shareholders of the Company		**64.3**	658.5
Non-controlling interests		**(20.0)**	(23.9)
Profit for the period		**44.3**	634.6

	Note	**2011** **HK$ million**	2010 HK$ million
Profit/(loss) for the period attributable to equity shareholders of the Company:			
Arising from sales of building and interest in leasehold land and Manhattan Hill Properties		**73.9**	511.7
Arising from the Group's other operations		**(9.6)**	146.8
		64.3	658.5
Basic and diluted earnings/(loss) per share:	11		
Arising from sales of building and interest in leasehold land and Manhattan Hill Properties		**HK$ 0.18**	HK$ 1.27
Arising from the Group's other operations		**HK$ (0.02)**	HK$ 0.36
		HK$ 0.16	HK$ 1.63

Consolidated balance sheet

	Note	**At 30 June 2011 HK$ million (Unaudited)**	At 31 December 2010 HK$ million (Audited)
Non-current assets			
Fixed assets			
- Investment properties		**121.5**	123.8
- Investment property under development		**5.6**	5.2
- Interest in leasehold land		**72.4**	73.4
- Other property, plant and equipment		**4,154.2**	4,073.9
		4,353.7	4,276.3
Passenger service licences		**22.5**	22.5
Goodwill		**63.3**	63.3
Non-current prepayments		**5.7**	44.3
Interest in associates		**644.4**	640.3
Other financial assets		**485.5**	636.2
Employee benefit assets		**758.3**	790.0
Deferred tax assets		**5.2**	6.1
		6,338.6	6,479.0
Current assets			
Completed property held for sale		**22.3**	45.2
Spare parts and stores		**60.5**	62.0
Accounts receivable	13	**262.8**	256.6
Other financial assets		**15.2**	-
Deposits and prepayments		**72.6**	32.6
Current taxation recoverable		**12.8**	15.8
Pledged and restricted bank deposits		**59.9**	73.9
Cash and cash equivalents		**2,578.1**	2,726.8
		3,084.2	3,212.9
Current liabilities			
Bank loans and overdrafts		**73.5**	197.6
Accounts payable and accruals	14	**1,003.2**	1,109.0
Third party claims payable		**144.2**	131.1
Current taxation payable		**17.8**	12.4
		1,238.7	1,450.1
Net current assets		**1,845.5**	1,762.8
Total assets less current liabilities		**8,184.1**	8,241.8

Consolidated balance sheet (continued)

	Note	**At 30 June 2011 HK$ million (Unaudited)**	At 31 December 2010 HK$ million (Audited)
Non-current liabilities			
Bank loans		**797.6**	469.9
Contingency provision - insurance		**300.3**	300.3
Deferred tax liabilities		**493.2**	499.5
Provision for long service payments		**26.3**	29.9
		1,617.4	1,299.6
Net assets		**6,566.7**	6,942.2
Capital and reserves			
Share capital		**403.6**	403.6
Reserves		**5,992.6**	6,333.7
Total equity attributable to equity shareholders of the Company		**6,396.2**	6,737.3
Non-controlling interests		**170.5**	204.9
Total equity		**6,566.7**	6,942.2

Notes:

1 Independent review

The interim financial report for the six months ended 30 June 2011 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 Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issue on 18 August 2011.

The accounting policies adopted in the preparation of this interim financial report are consistent with those set out in the Group's 2010 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2011 annual financial statements. Details of these changes in accounting policies are set out below.

The HKICPA has issued a number of amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- HKAS 24 (revised 2009), Related party disclosures
- Improvements to HKFRSs (2010)
- Amendments to HK(IFRIC) 14, HKAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction - Prepayments of a minimum funding requirement

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. The amendments to HK(IFRIC) 14 have had no material impact on the Group's financial statements as they were consistent with policies already adopted by the Group. HKAS 24 (revised 2009) and Improvements to HKFRSs (2010) related primarily to clarification of certain disclosure requirements applicable to the Group's financial statements. These developments have had no material impact on the contents of the interim financial report.

3 Turnover

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

	Six months ended 30 June	
	2011	2010
	HK$ million	HK$ million
	(Unaudited)	(Unaudited)
Fare revenue from franchised public bus services	**3,011.7**	2,991.1
Revenue from non-franchised transport services	**128.1**	128.0
Revenue from sales of properties	**108.0**	29.4
Media sales revenue	**178.0**	153.1
Gross rentals from investment properties	**9.3**	6.2
	3,435.1	3,307.8

4 Other net income

	Six months ended 30 June	
	2011	2010
	HK$ million	HK$ million
	(Unaudited)	(Unaudited)
Net movement in balance of passenger rewards	**15.1**	14.8
Net income recognised in respect of defined benefits retirement plans	**42.3**	37.0
Interest income on instalments receivable from sales of properties	**0.1**	0.2
Interest income on other financial assets not at fair value through profit or loss	**19.1**	16.4
Claims received	**12.3**	11.5
Dividend income from unlisted securities	**13.6**	16.1
Net miscellaneous business receipts	**3.8**	3.8
Net exchange gain	**2.3**	4.3
Net gain on disposal of fixed assets	**2.7**	1.8
Sundry revenue	**4.1**	11.0
	115.4	116.9

5 Staff costs

	Six months ended 30 June	
	2011	2010
	HK$ million	HK$ million
	(Unaudited)	(Unaudited)
Contributions to defined contribution retirement plans	**33.3**	31.6
Movements in provision for long service payments	**3.3**	2.3
Salaries, wages and other benefits	**1,485.5**	1,484.7
	1,522.1	1,518.6

6 Finance costs

	Six months ended 30 June	
	2011	2010
	HK$ million	HK$ million
	(Unaudited)	(Unaudited)
Interest on bank loans and overdrafts not at fair value through profit or loss	**4.2**	3.3

7 Gain on disposal of building and interest in leasehold land

At the special general meeting of the Company held on 21 January 2010, the independent shareholders of the Company approved the disposal of 50% of the Group's leasehold land interest in an industrial site at Kwun Tong to Turbo Result Limited, a subsidiary of Sun Hung Kai Properties Limited at a consideration of HK$490.0 million which was arrived at after arm's length negotiations by reference to a valuation performed by Knight Frank Petty Limited, an independent property valuer. The transaction was completed on 25 January 2010, resulting in a gain on disposal of HK$489.1 million recognised during the six months ended 30 June 2010.

8 Impairment loss on other financial assets

During the six months ended 30 June 2011, the RoadShow Group requested AdSociety Daye Advertising Company Limited (the "investee") to repay the loans totaling HK$70.2 million due to it upon expiry. However, the investee had defaulted on the agreed repayment schedule. In addition, the RoadShow Group has undertaken various discussions with the investee to restructure the investment in and loans to the investee. Up to the date of this announcement, the RoadShow Group has not been able to obtain a viable proposal from the investee. The RoadShow Group is now actively considering taking appropriate legal action to secure its position.

The default of loan repayment has instigated re-assessment of the recoverable amount of the unlisted available-for-sale equity interest in and the outstanding amounts due from the investee totaling HK$109.6 million. Based on the latest information available to the RoadShow Group, it is considered that the prospect of any significant recovery of the investment and outstanding amounts is highly uncertain. Accordingly, an additional impairment loss of HK$109.6 million was made against the RoadShow Group's investment in, loans to and amount due from the investee resulting in full provision for impairment loss made on such assets as at 30 June 2011.

9 Income tax

	Six months ended 30 June	
	2011	2010
	HK$ million	HK$ million
	(Unaudited)	(Unaudited)
Current tax		
Provision for Hong Kong Profits Tax for the period	**22.0**	45.8
The People's Republic of China ("PRC") withholding tax	**1.3**	-
Deferred tax		
Origination and reversal of temporary differences	**(5.4)**	(12.9)
Income tax	**17.9**	32.9

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 2011 (six months ended 30 June 2010: 16.5%).

10 Dividends

(a) Dividend attributable to the interim period:

	Six months ended 30 June	
	2011	2010
	HK$ million	HK$ million
	(Unaudited)	(Unaudited)
Dividend declared after the interim period end:		
Ordinary interim dividend of HK$0.15 per share (2010: Ordinary interim dividend of HK$0.30 per share)	**60.5**	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	
	2011	2010
	HK$ million	HK$ million
	(Unaudited)	(Unaudited)
Ordinary final dividend in respect of the financial year ended 31 December 2010, approved and paid during the following interim period, of HK$1.05 per share (2010: HK$1.05 per share in respect of the year ended 31 December 2009)	**423.8**	423.8
Special dividend in respect of the financial year ended 31 December 2009, approved and paid during the following interim period, of HK1.00 per share	**-**	403.6
	423.8	827.4

11 Earnings/(loss) per share

(a) Basic earnings/(loss) per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of HK$64.3 million (six months ended 30 June 2010: HK$658.5 million) and 403.6 million shares in issue during the periods presented. The calculation of basic earnings/(loss) per share arising from the sales of building and interest in leasehold land and Manhattan Hill Properties and the Group's other operations is based on profit of HK$73.9 million (six months ended 30 June 2010: HK$511.7 million) and loss of HK$9.6 million (six months ended 30 June 2010: profit of HK$146.8 million) respectively arising from the respective operations and 403.6 million shares in issue during the periods presented.

(b) Diluted earnings/(loss) per share

There were no dilutive potential ordinary shares during the six months ended 30 June 2011 and 2010.

12 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	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$ million (Unaudited)	HK$ million (Unaudited)	**HK$ million (Unaudited)**	HK$ million (Unaudited)	**HK$ million (Unaudited)**	HK$ million (Unaudited)	**HK$ million (Unaudited)**	HK$ million (Unaudited)	**HK$ million (Unaudited)**	HK$ million (Unaudited)
Revenue from external customers	**3,012.9**	2,992.0	**176.8**	152.2	**108.0**	29.4	**137.4**	134.2	**3,435.1**	3,307.8
Inter-segment revenue	**50.1**	47.6	**-**	-	**-**	-	**12.9**	12.4	**63.0**	60.0
Reportable segment revenue	**3,063.0**	3,039.6	**176.8**	152.2	**108.0**	29.4	**150.3**	146.6	**3,498.1**	3,367.8
Reportable segment (loss)/profit	**(10.7)**	143.6	**(80.6)**	(95.8)	**73.9**	22.6	**32.8**	43.9	**15.4**	114.3

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 properties and investments in associates.

13 Accounts receivable

	At 30 June 2011 HK$ million (Unaudited)	At 31 December 2010 HK$ million (Audited)
Trade and other receivables	**250.0**	242.4
Instalments receivable from sales of properties	**0.2**	0.4
Interest receivable	**12.9**	14.1
Less: Allowance for doubtful debts	**(0.3)**	(0.3)
	262.8	256.6

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 2011 HK$ million (Unaudited)	At 31 December 2010 HK$ million (Audited)
Current	**99.0**	97.3
1 to 3 months past due	**24.4**	18.4
More than 3 months past due	**7.3**	7.9
	130.7	123.6

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

14 Accounts payable and accruals

	At 30 June 2011 HK$ million (Unaudited)	At 31 December 2010 HK$ million (Audited)
Trade payables	**261.9**	237.7
Balance of passenger rewards	**16.5**	31.6
Other payables and accruals	**724.8**	839.7
Financial liabilities measured at amortised cost	**1,003.2**	1,109.0

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 2011 HK$ million (Unaudited)	At 31 December 2010 HK$ million (Audited)
Due within 1 month or on demand	**252.3**	202.1
Due after 1 month but within 3 months	**7.9**	33.1
Due after more than 3 months	**1.7**	2.5
	261.9	237.7

INTERIM RESULTS

The Group's unaudited profit attributable to equity shareholders of the Company for the six months ended 30 June 2011 was HK$64.3 million (six months ended 30 June 2010: HK$658.5 million), representing a decrease of 90.2% as compared to the corresponding period in 2010. Earnings per share for the six months ended 30 June 2011 amounted to HK$0.16 (six months ended 30 June 2010: HK$1.63).

INTERIM DIVIDEND

The Board has declared an interim dividend of HK$0.15 per share (six months ended 30 June 2010: HK$0.30 per share), totalling HK$60.5 million for the six months ended 30 June 2011 (six months ended 30 June 2010: HK$121.1 million). The interim dividend will be paid on 17 October 2011 to the shareholders of the Company whose names are on the Register of Members at the close of business on 7 October 2011. The Register will be closed from 4 October 2011 to 7 October 2011, 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 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, not later than 4:30 p.m. on 3 October 2011.

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")

- For the six months ended 30 June 2011, KMB recorded a loss after taxation of HK$16.0 million, an unfavourable change of HK$151.9 million compared to the profit after taxation of HK$135.9 million for the corresponding period of 2010. Such loss for the first half of 2011 had taken into account a deemed income of HK$42.4 million (first half of 2010: HK$37.1 million) determined by independent actuaries in respect of the two defined benefit staff retirement schemes operated by KMB in accordance with Hong Kong Accounting Standard 19 "Employee Benefits". If such deemed income was excluded, KMB's loss after taxation for the first half of 2011 would have been HK$51.4 million, representing an unfavourable change of HK$156.3 million compared to the profit after taxation of HK$104.9 million for the first half of 2010.

- The deterioration in KMB's financial performance in the first half of 2011 was mainly due to the significant rise in international fuel oil prices. As shown in Table 1 below, the average price of Singapore 0.5% Sulphur Gasoil ("Gasoil"), on which the price of Near Zero Sulphur Diesel used by KMB's franchised buses is based, was US$124.8 per barrel for the first half of 2011, an increase of 43.1% compared to the corresponding period last year. This resulted in our fuel costs for the first half of 2011 surging to HK$675.3 million, a significant increase of HK$184.5 million or 37.6% compared to the corresponding period of 2010.

Table 1: Average Price of Gasoil

Month	**2011 US$/barrel**	2010 US$/barrel	% Increase
January	**108.2**	84.2	28.5
February	**117.5**	82.3	42.8
March	**130.4**	87.8	48.5
April	**138.0**	94.8	45.6
May	**126.6**	87.9	44.0
June	**125.9**	85.7	46.9
Average (Jan - Jun)	**124.8**	87.2	43.1

- The average daily ridership for the first half of 2011 was 2.553 million passenger trips, a decrease of 1.4% compared to the corresponding period last year. Such decrease was mainly attributable to a shift of passengers to the expanded railway network. Advertising revenue for the first half of 2011 was HK$51.2 million, an increase of 6.0% compared to HK$48.3 million for the first half of 2010.

- In order to maintain the financial viability and the existing service levels of its bus operations, KMB submitted an application to the Government of the Hong Kong Special Administrative Region (the "HKSAR Government") on 30 July 2010 for a fare increase of 8.6%. On 19 April 2011, the HKSAR Government granted a fare increase of 3.6% for KMB to take effect from 15 May 2011. As illustrated in Table 1, after KMB submitted its fare increase application to the HKSAR Government in July 2010 when the then prevailing Gasoil price was about US$86 per barrel, the average price of Gasoil subsequently rose by about 46% to stand at US$125.9 per barrel in June 2011. The approved rate of fare increase is grossly insufficient even to offset the cost burden arising from the surge in fuel prices alone.

- At 30 June 2011, KMB operated a total of 394 routes (31 December 2010: 394 routes). In addition, there were 75 Octopus Bus-bus Interchange ("BBI") schemes covering 261 bus routes, operating both within the KMB route network and on joint schemes with other public transport operators. These BBI schemes benefit our passengers by giving them extensive fare discounts on the second leg of journeys. Furthermore, they improve network coverage, save resources and help to relieve traffic congestion along busy corridors.

- During the first half of 2011, KMB continued to make substantial investments in new buses featuring the latest safety, environmental and design features. A total of 14 new Euro V air-conditioned super-low floor single-deck buses and 105 air-conditioned super-low floor double-deck buses (comprising 100 Euro V buses and five Euro IV buses) were licensed. At 30 June 2011, KMB operated a total of 3,835 buses (31 December 2010: 3,822 buses), comprising 3,682 double-deck and 153 single-deck buses, of which 3,755 buses (97.9%) were air-conditioned. In addition, KMB had 182 air-conditioned super-low floor double-deck buses (comprising 176 Euro V buses and six Euro IV buses) and 46 Euro V air-conditioned super-low floor single-deck buses awaiting licensing or on order.

Long Win Bus Company Limited ("LWB")

- The profit after taxation of LWB for the six months ended 30 June 2011 amounted to HK$5.3 million, representing a decrease of 32.1% compared to HK$7.8 million for the corresponding period of 2010.

- Fare revenue for the first half of 2011 increased by 6.8% to HK$170.7 million as compared to HK$159.8 million for the corresponding period in 2010. Such increase was mainly due to the increase in the ridership by 5.8% over the corresponding period last year as a result of the increased travel demand to and from North Lantau in line with the economic recovery leading to higher air travel demand, the expansion programme of Hong Kong Disneyland and the commencement of various infrastructural projects at the Airport.

- Total operating expenses for the period under review amounted to HK$165.8 million, representing an increase of HK$14.5 million or 9.6% over the same period in 2010. The increase was mainly due to the increase in fuel costs of HK$11.0 million or 39.3% compared to the corresponding period last year.

- On 30 July 2010, LWB submitted a fare increase application to the HKSAR Government for a fare increase of 7.4%. However, on 19 April 2011 the HKSAR Government only granted LWB a fare increase of 3.2% to take effect from 15 May 2011. As previously mentioned, such approved rate of fare increase is insufficient to offset the increase in LWB's fuel costs.

- At 30 June 2011, there were a total of six BBI schemes covering 12 bus routes within LWB's bus network and on joint inter-modal scheme with other public transport operators. These BBI schemes provide passengers with interchange fare discounts and allow LWB to deploy its resources more effectively.

- During the period under review, three new Euro V air-conditioned super-low floor double-deck buses were licensed to enhance the level of service on routes with increased demand. At 30 June 2011, LWB operated a total of 167 air-conditioned super-low floor double-deck buses. The number of routes operated by LWB remained at 19 as at the end of 2010.

- At 30 June 2011, LWB had six new Euro V air-conditioned super-low floor double-deck buses awaiting licensing.

Non-franchised Transport Operations

The Group's Non-franchised Transport Operations Division reported a profit after taxation of HK$8.0 million for the first half of 2011, representing a decrease of 35.5% compared to HK$12.4 million for the corresponding period of 2010. 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 for large residential estates, shopping malls, employers, theme parks, deluxe hotels, travel agents and schools, as well as providing chartered hire services for the general public.

- Turnover of the SBH Group for the first half of 2011 increased by 1.3% compared to the corresponding period in 2010. The increase was due mainly to the increase in bus hiring charges in order to cope with the surge in fuel costs.

- At 30 June 2011, the SBH Group had a fleet of 380 buses. During the first half of 2011, 13 new coaches were purchased for service enhancement and fleet replacement.

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) for business and leisure travellers between Lok Ma Chau in Hong Kong and Huanggang (皇崗) in Shenzhen (深圳). NHKB's ridership has decreased since the opening of the Lok Ma Chau Spur Line and the Lok Ma Chau Public Transport Interchange in August 2007 and the launch of direct chartered flights between Taiwan and China Mainland in July 2008. During the period under review, NHKB's average monthly ridership was 0.43 million passenger trips (first half of 2010: 0.48 million passenger trips). At 30 June 2011, NHKB operated a fleet of 15 buses of which five buses were newly purchased in the first half of 2011 for the replacement of aged buses.

Property Holdings and Development

Lai Chi Kok Properties Investment Limited ("LCKPI")

- LCKPI, a wholly-owned subsidiary of the Group, is the developer of Manhattan Hill, a luxury residential complex located in Lai Chi Kok, West Kowloon. Up to the end of 2010, the residential units of the Manhattan Hill had nearly all been sold. In the first half of 2011, three residential units with a total saleable GFA of about 6,900 square feet and 12 car parking spaces were sold, generating an after-tax profit of HK$73.9 million (six months ended 30 June 2010: HK$22.6 million). As at 30 June 2011, LCKPI had one residential unit and 15 car parking spaces available for sale.

- As at 30 June 2011, the carrying value of completed property held for sale, comprising one residential unit and 15 car parking spaces (classified under current assets in the consolidated balance sheet), amounted to HK$22.3 million (31 December 2010: HK$45.2 million).

LCK Commercial Properties Limited ("LCKCP")

- LCKCP, a wholly-owned subsidiary of the Group, is the owner of the shopping mall, "Manhattan Mid-town". Positioned as a high-end retail complex, the 50,000 square feet shopping mall complements the image of Manhattan Hill, providing Manhattan Hill residents, as well as local householders and office staff, with high quality retail facilities including a mix of shops and restaurants. The mall was opened in the second quarter of 2009 and has been completely leased out since the end of 2010, generating a steady income stream for the Group.

- As at 30 June 2011, the carrying value of the shopping mall (classified under investment property on the consolidated balance sheet) amounted to HK$108.4 million (31 December 2010: HK$110.9 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 mainly for its own use and partially for rental purposes.

- As at 30 June 2011, the building was stated on the consolidated balance sheet at cost less accumulated depreciation in the amount of HK$34.2 million (31 December 2010: HK$35.2 million).

KT Real Estate Limited ("KTRE")

- KTRE, a wholly-owned subsidiary of the Company, and Turbo Result Limited ("TRL"), a subsidiary of Sun Hung Kai Properties Limited ("SHKP"), jointly own the industrial site situated at Kwun Tong Inland Lot No. 240, No. 98 How Ming Street, Kowloon, Hong Kong (the "KT Site") in equal shares as tenants in common. Since April 2010, Sun Hung Kai Real Estate Agency Limited, a wholly-owned subsidiary of SHKP, has been appointed as project manager for the development of the KT Site.

- As at 30 June 2011, the carrying value of the KT Site (classified under investment property under development on the consolidated balance sheet) amounted to HK$5.6 million (31 December 2010: HK$5.2 million).

TM Properties Investment Limited ("TMPI")

- TMPI owns an industrial property, comprising a single-storey high ceiling structure and a three-storey workshop building with a total gross floor area of about 105,900 square feet, at 1 Kin Fung Circuit, Tuen Mun. The property became vacant in 2010 and has been leased out since March 2011 to generate additional rental income.

- As at 30 June 2011, the carrying value of the industrial property (classified under investment property on the consolidated balance sheet) amounted to HK$10.5 million (31 December 2010: HK$10.3 million).

Media Sales Business

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

- The RoadShow Group is one of the leading media sales companies in the Greater China region. It offers advertisers a dynamic and effective means of marketing their products and services to four million consumers every day. RoadShow mainly sells and markets business advertising on its proprietary Multi-media On-board ("MMOB") system in Hong Kong, and also operates the bus interior and bus exterior advertising businesses. Currently, the Group has a 73% interest in the RoadShow Group.

- For the six months ended 30 June 2011, RoadShow reported a loss attributable to equity shareholders of HK$83.0 million (six months ended 30 June 2010: a loss of HK$97.7 million). The loss was mainly due to an impairment loss of HK$109.6 million (six months ended 30 June 2010: HK$110.0 million) made by the RoadShow Group on its other non-current financial assets. The impairment loss, which was non-cash in nature, would be the last and full provision for the amount of the RoadShow Group's investment in AdSociety Daye Advertising Company Limited, a joint venture in Mainland China. Despite the impairment loss made, the core business of the RoadShow Group remains strong and the profit from operations for the six months ended 30 June 2011 was approximately HK$35.6 million (six months ended 30 June 2010: HK$16.5 million), representing an increase of approximately 115.8% compared with the corresponding period last year.

- Further information regarding the RoadShow Group is available in its 2011 interim results announcement and interim report.

Mainland Transport Operations

As at 30 June 2011, the Group's total interest in the businesses under the Mainland Transport Operations Division amounted to HK$644.4 million (31 December 2010: HK$640.3 million). Such investments are mainly related to the operation of passenger transport services in Shenzhen, and taxi and car rental services in Beijing. In the first half of 2011, the Group's Mainland Transport Operations Division reported a profit after taxation of HK$17.7 million, representing a decrease of 15.7% compared to HK$21.0 million for the corresponding period in 2010.

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%. With a fleet of more than 4,500 vehicles, BBKT is one of the leading operators in the taxi hire and car rental market in Beijing. Despite facing continued challenges from ever rising operating costs, BBKT is dedicated to providing its customers with high levels of services and continued to record a profit in the first half of 2011.

Shenzhen (深圳)

Shenzhen Bus Group Company Limited (深圳巴士集團股份有限公司) ("SBG"), which began 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, minibus and taxi services in Shenzhen City, Guangdong Province (廣東省深圳市), with 5,450 vehicles serving some 260 routes. It continued to make steady progress and recorded a ridership of 458.3 million passenger trips in the first half of 2011 (first half of 2010: 449.5 million passenger trips).

FINANCIAL LIQUIDITY AND RESOURCES

The Group closely monitors its liquidity and financial resources in a prudent manner to ensure that a healthy financial position is maintained so that cash inflows from operating activities together with undrawn committed banking facilities are sufficient to meet the demands for daily operational needs, loan repayments, capital expenditure and potential business expansion and development. The Group's operations are mainly financed by shareholders' funds, bank loans and overdrafts.

Net cash

At 30 June 2011, the Group's net cash (i.e. cash and deposits at banks less total borrowings) amounted to HK$1,766.9 million (31 December 2010: HK$2,133.2 million). The details of the Group's net cash by currency at 30 June 2011 are given below:

Currency	**Cash and deposits at bank in foreign currency million**	**Cash and deposits at bank HK$ million (Unaudited)**	**Bank loans and overdrafts HK$ million (Unaudited)**	**Net cash HK$ million (Unaudited)**
At 30 June 2011:-				
Hong Kong Dollar		**2,284.3**	**(871.1)**	**1,413.2**
United States Dollar	**25.4**	**197.2**	**-**	**197.2**
British Pound Sterling	**0.1**	**0.7**	**-**	**0.7**
Renminbi	**129.4**	**155.8**	**-**	**155.8**
Total		**2,638.0**	**(871.1)**	**1,766.9**
At 31 December 2010:-		(Audited)	(Audited)	(Audited)
Hong Kong Dollar		2,455.1	(667.5)	1,787.6
United States Dollar	25.0	194.1	-	194.1
British Pound Sterling	1.7	21.0	-	21.0
Renminbi	110.2	130.5	-	130.5
Total		2,800.7	(667.5)	2,133.2

Bank loans and overdrafts

At 30 June 2011, bank loans and overdrafts, all unsecured, amounted to HK$871.1 million (31 December 2010: HK$667.5 million). The maturity profile of the bank loans and overdrafts of the Group at 30 June 2011 and 31 December 2010 is set out below:

	At 30 June 2011 **HK$ million (Unaudited)**	*At 31December 2010* HK$ million (Audited)
Within 1 year or on demand	**73.5**	197.6
After 1 year but within 2 years	**200.0**	69.9
After 2 years but within 5 years	**597.6**	400.0
	797.6	469.9
Total	**871.1**	667.5

Banking facilities

At 30 June 2011, the Group had undrawn banking facilities totalling HK$726.4 million (31 December 2010: HK$1,329.8 million), of which HK$720.0 million (31 December 2010: HK$1,320 million) was of a committed nature.

Finance costs

For the six months ended 30 June 2011, the finance costs incurred by the Group amounted to HK$4.2 million (six months ended 30 June 2010: HK$3.3 million). The average interest rate in respect of the Group's borrowings for the period under review was 0.88% per annum compared to 0.72% per annum for the corresponding period in 2010.

Cash and deposits at bank

At 30 June 2011, the Group's cash and deposits at banks (mainly denominated in Hong Kong Dollars, US Dollars, British Pounds Sterling and Renminbi) amounted to HK$2,638.0 million (31 December 2010: HK$2,800.7 million).

FUNDING AND TREASURY POLICIES

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

Interest rate risk management

The Group manages 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 2011, 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 low interest rates in the period under review. The Group regularly reviews its strategy on interest rate risk management in the light of prevailing market conditions and devises appropriate strategies to cope with its risk exposure.

Currency risk management

The Group's foreign currency exposure primarily arises through purchases of buses and overseas motor vehicle components, which are 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. At 30 June 2011, the Group had a number of unexpired forward exchange contracts for the hedging of approximately 25.0% of the total British Pounds Sterling requirements for the second half of 2011.

Cash flow and liquidity risk management

The Group has not been exposed to significant cash flow and liquidity risks since it has maintained an adequate level of cash reserve on hand resulting from the sales of the Manhattan Hill residential units and the 50% interest in the KT Site. Under normal circumstances and barring a drastic upsurge in fuel oil prices for a prolonged period of time, the cash flow and liquidity risk of the Group's major subsidiary, KMB, which arranges its own financing, would also be low as its revenue is essentially received on a cash basis. Through proper planning and close monitoring of the level of debt, the Group is able to effectively meet its funding and investment requirements.

Fuel price risk management

Fuel price movements can have a significant impact on the results of the Group's core franchised public bus businesses. The Group has carefully considered the pros and cons of entering into fuel price hedging arrangements and has concluded that fuel price hedging would be equally as risky as not hedging, and would not necessarily result in a better financial position for the Group in the long run. As a result, the Group has not entered into any fuel oil hedging contracts during the period under review. The Group's two major subsidiaries, KMB and LWB, will consider applying for fare increases to counter the adverse impact of rapid increases in fuel oil prices on the financial viability of their franchised public bus operations, and will also rigorously explore other measures, including but not limited to the establishment of a fare stabilization fund and the implementation of more route rationalization plans, with the HKSAR Government to mitigate this impact. The Group will continue to closely monitor the fuel price movements and constantly review its strategy on fuel price risk management.

CAPITAL EXPENDITURE AND COMMITMENTS

The Group's fixed assets in the consolidated balance sheet mainly comprise buildings, buses and other motor vehicles, buses under construction, tools and others, investment properties, and interest in leasehold land. None of the Group's fixed assets was pledged or charged as at 30 June 2011. During the period under review, capital expenditure incurred by the Group amounted to HK$515.1 million (six months ended 30 June 2010: HK$430.2 million). The capital expenditure was mainly incurred for the purchase of new buses for the Group's franchised public bus operations.

At 30 June 2011, the Group's capital commitments outstanding and not provided for in the interim financial report amounted to HK$2,115.7 million (31 December 2010: HK$2,438.4 million). These commitments were mainly in respect of the development of the KT Site and the purchase of buses and other fixed assets, which are to be financed by borrowings and the working capital of the Group.

CONTINGENT LIABILITIES

At 30 June 2011, the Company had undertaken to guarantee a banking facility granted to a subsidiary to the extent of HK$140.0 million (31 December 2010: HK$140.0 million). As at the balance sheet date, the Directors do not consider it probable that a claim will be made against the Company under the guarantee. The maximum liability of the Company at 30 June 2011 under the guarantee issued was the outstanding amount of the loan advanced by the bank to the subsidiary of HK$70.0 million (31 December 2010: HK$70.0 million).

EMPLOYEES AND REMUNERATION POLICIES

Transport operations are labour intensive and staff costs accounted for a substantial portion of the total operating cost of the Group. The Group closely monitors its headcount and staff remuneration against productivity and market trends For the six months ended 30 June 2011, total remuneration amounted to HK$1,522.1 million (six months ended 30 June 2010: HK$1,518.6 million). At 30 June 2011, the Group had a total of 12,801 employees (31 December 2010: 12,863 employees).

OUTLOOK

Franchised Public Bus Operations

With an expanding railway network, high fuel oil prices and an increase in wages and other operating expenses due to inflationary pressure, together with rising expectations for higher service levels, we expect that the operating environment of KMB will become increasingly challenging for the rest of 2011 and in the years ahead. We will respond to these challenges by actively engaging the HKSAR Government and District Councils to further rationalise our bus network through reorganising routes with low demand and increasing the service on routes with growing demand in order to improve the network efficiency. Moreover, we will also seek to identify more ways to conserve fuel and boost fuel efficiency, and improve in all aspects of our operations to enhance safety, efficiency and customer satisfaction. To this end, we are actively exploring other zero-emission technologies, including the zero-emission supercapacitor bus and battery-electric bus.

In the light of current inflationary pressure, both KMB and LWB have recently agreed to give a pay rise of 4.0% to their operations and maintenance staff with effect from 1 June 2011 and to other staff from 1 September 2011. This, coupled with the rise in Gasoil prices, will mean that KMB's recently implemented fare increase of 3.6%, which took effect on 15 May 2011, will be grossly insufficient to offset the huge increase in its operating costs. Faced with the recent adverse changes in the operating environment of public bus services, it is unlikely that our twin objectives of maintaining bus fares at a level that is largely acceptable to the public as well as the financial viability of our franchised bus operations are achievable under the existing business model. While the implementation of further service rationalisation is one response to these challenges, other measures should be rigorously explored with the HKSAR Government to ease the fare increase pressure. We do not have a view as to the duration and magnitude of the current trend of high fuel oil prices. However, if this trend persists and in the absence of other effective mitigation measures, we will have no other choice under the existing mechanism but to seek further fare adjustment in order to maintain the existing service levels.

Non-franchised Businesses

In spite of the rise in fuel prices which also had a negative effect on coach services, our Non-franchised transport businesses remained profitable in the first half of 2011 as we were able to adjust coach hiring charges to meet the increased operating costs. We will continue to enhance the quality of service and explore businesses that will increase our income wherever possible. The Group will continue to look for growth and investment opportunities in China Mainland.

The development of the KT Site at No. 98 How Ming Street, Kwun Tong, Kowloon is ongoing. This development project, in which the Group has a 50% stake, is under the management and supervision of the project manager, Sun Hung Kai Real Estate Agency Limited. The site is planned for development into non-residential (excluding hotel) uses, and upon completion, it will be held by the Group for long-term investment purposes.

The sale of the residential flats at Manhattan Hill is almost coming to a close, with only one specialty residential unit remaining available for sale. The Manhattan Mid-town shopping mall with a total area of 50,000 square feet is completely leased out and will continue to provide additional revenue for the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the six months ended 30 June 2011, 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 2011 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 of the Company, together with management and the Company's external auditors, KPMG, has reviewed the accounting principles and policies adopted by the Group, discussed auditing, internal control and financial reporting matters, and also reviewed the unaudited interim financial report for the six months ended 30 June 2011.

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.hkexnews.hk. The 2011 interim report will be available at the Company's website and despatched to shareholders of the Company in early September 2011.

By Order of the Board

S.Y. CHUNG
Chairman

Hong Kong, 18 August 2011

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. 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. and Mr. Evan AU YANG Chi Chun as Executive Directors; 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, Dr. John CHAN Cho Chak, GBS, JP, Ms. Winnie NG and Mr. John Anthony MILLER, SBS, OBE as Non-executive Directors.