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Transport International Holdings Limited

（載通國際控股有限公司）*

(incorporated in Bermuda with limited liability)

(Stock code: 62)

2011 Final Results Announcement

FINANCIAL HIGHLIGHTS

- The Group's profit attributable to equity shareholders for the year ended 31 December 2011 was HK$242.4 million, representing a year-on-year decrease of 72.0% (2010: HK$866.9 million which included a one-off, 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 2010).

- Earnings per share for 2011 were HK$0.60, a decrease of 72.0% compared to HK$2.15 for 2010.

- An ordinary final dividend of HK$0.45 per share for the year ended 31 December 2011 has been declared (2010: HK$1.05 per share), resulting in total dividend for the year amounted to HK$0.60 per share (2010: HK$1.35 per share), a decrease of 55.6% compared to 2010.

- KMB recorded an operating loss of HK$17.8 million for 2011, an unfavourable change of HK$313.3 million compared to an operating profit of HK$295.5 million for 2010. When including the deemed income of HK$84.8 million (2010: HK$74.3 million), which is determined by independent actuaries in respect of two defined benefit staff retirement plans operated by KMB in accordance with Hong Kong Accounting Standard 19 *Employee Benefits*, the profit after taxation of KMB for 2011 amounted to HK$51.4 million, a decrease of HK$359.6 million or 87.5% compared to HK$411.0 million for 2010.

FINANCIAL HIGHLIGHTS
(continued)

- The deterioration in KMB's financial performance in 2011 was mainly due to the drastic increase in international fuel oil prices, resulting in KMB's fuel costs for 2011 surging to HK$1,403.4 million, a substantial increase of HK$374.7 million compared to HK$1,028.7 million for 2010.

- For the year ended 31 December 2011, the loss attributable to the equity shareholders of RoadShow, in which the Company has a 73% interest, was HK$48.6 million (2010: a loss of HK$61.6 million). The loss was mainly attributable to an impairment loss of HK$109.6 million (2010: HK$110.0 million) made by the RoadShow Group on its investment in and loans to 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 2011 was HK$78.8 million, an increase of HK$17.7 million compared to HK$61.1 million for 2010.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	**2011** *HK$'000*	2010 *HK$'000*
Fare revenue from franchised public bus services		**6,177,135**	6,060,373
Revenue from non-franchised transport services		**265,021**	256,986
Revenue from sales of properties		**109,084**	29,263
Media sales revenue		**374,817**	327,000
Gross rentals from investment properties		**21,487**	13,214
Turnover	6	**6,947,544**	6,686,836
Other net income		**248,471**	186,570
Cost of properties sold		**(25,103)**	(6,665)
Staff costs		**(3,075,104)**	(3,040,705)
Depreciation and amortisation		**(883,491)**	(899,248)
Fuel and oil		**(1,548,498)**	(1,140,289)
Spare parts and stores		**(219,080)**	(245,274)
Toll charges		**(383,563)**	(363,827)
Selling and marketing expenses for property sales		**(1,206)**	(1,832)
Other operating expenses		**(697,658)**	(651,095)
Profit from operations		**362,312**	524,471
Finance costs	2	**(8,630)**	(6,618)
Gain on disposal of building and interest in leasehold land		**-**	489,052
Share of profits of associates		**31,292**	33,821
Impairment loss on other financial assets		**(109,606)**	(110,000)
Profit before taxation	2	**275,368**	930,726
Income tax	4	**(41,253)**	(75,352)
Profit for the year		**234,115**	855,374
Attributable to:			
Equity shareholders of the Company		**242,351**	866,886
Non-controlling interests		**(8,236)**	(11,512)
Profit for the year		**234,115**	855,374

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011
(continued)

	Note	**2011** *HK$'000*	2010 *HK$'000*
Profit for the year attributable to equity shareholders of the Company:			
Arising from sales of building and interest in leasehold land and Manhattan Hill properties		**72,869**	471,952
Arising from the Group's other operations		**169,482**	394,934
		242,351	866,886
Earnings per share – basic and diluted:	5		
Arising from sales of building and interest in leasehold land and Manhattan Hill properties		**HK$ 0.18**	HK$ 1.17
Arising from the Group's other operations		**0.42**	0.98
		HK$ 0.60	HK$ 2.15

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2011

	Note	**2011**	2010
		HK$'000	*HK$'000*
Non-current assets			
Fixed assets			
- Investment properties		**123,135**	123,767
- Investment property under development		**11,741**	5,236
- Interest in leasehold land		**71,426**	73,438
- Other property, plant and equipment		**3,914,255**	4,073,853
		4,120,557	4,276,294
Intangible assets		**44,178**	22,536
Goodwill		**63,315**	63,315
Non-current prepayments		**1,667**	44,267
Interest in associates		**668,136**	640,263
Other financial assets		**472,465**	636,262
Employee benefit assets		**800,656**	789,983
Deferred tax assets		**3,536**	6,055
		6,174,510	6,478,975
Current assets			
Completed property held for sale		**19,702**	45,245
Spare parts and stores		**59,420**	62,032
Accounts receivable	7	**348,444**	256,628
Other financial assets		**15,032**	-
Deposits and prepayments		**30,340**	32,569
Current taxation recoverable		**110,757**	15,781
Pledged and restricted bank deposits		**45,455**	73,921
Cash and cash equivalents		**2,928,606**	2,726,776
		3,557,756	3,212,952
Current liabilities			
Bank loans and overdrafts		**70,040**	197,592
Accounts payable and accruals	8	**1,066,876**	1,109,044
Third party claims payable		**136,297**	131,122
Current taxation payable		**4,541**	12,400
		1,277,754	1,450,158
Net current assets		**2,280,002**	1,762,794
Total assets less current liabilities		**8,454,512**	8,241,769

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2011
(continued)

	Note	**2011**	2010
		HK$'000	*HK$'000*
Non-current liabilities			
Bank loans		**797,901**	469,916
Contingency provision – insurance		**309,575**	300,295
Deferred tax liabilities		**607,445**	499,456
Provision for long service payments		**37,254**	29,885
		1,752,175	1,299,552
Net assets		**6,702,337**	6,942,217
Capital and reserves			
Share capital		**403,639**	403,639
Reserves		**6,116,421**	6,333,659
Total equity attributable to equity shareholders of the Company		**6,520,060**	6,737,298
Non-controlling interests		**182,277**	204,919
Total equity		**6,702,337**	6,942,217

Notes:

1. Basis of preparation

The annual results set out in the announcement are extracted from the Group's consolidated financial statements, which have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those set out in the Group's 2010 annual financial statements except for changes in accounting policies, if required, in adopting new or revised Hong Kong Financial Reporting Standards ("HKFRSs") and interpretations that are first effective for accounting periods beginning on or after 1 January 2011.

The Hong Kong Institute of Certified Public Accountants has issued a number of amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the Group and the Company. 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 financial statements. These amendments and interpretation do not have any material impact on the classification, recognition and measurements of the amounts recognised in the financial statements in the current and previous periods.

2. Profit before taxation

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

	2011	2010
	HK$'000	*HK$'000*
Finance costs:		
Interest on bank loans and overdrafts not at fair value through profit or loss	**(8,630)**	(6,618)
Net income recognised in respect of two defined benefit retirement plans	**84,673**	73,990
Interest income on other financial assets not at fair value through profit or loss	**46,667**	36,310
Dividend income from unlisted equity securities	**31,000**	16,145
Net movement in balance of passenger rewards	**28,066**	26,657
Claims received	**23,272**	27,059
Sundry revenue	**12,234**	17,247
Net exchange gain	**10,954**	15,519
Net miscellaneous business receipts	**7,826**	8,642
Net gain on disposal of fixed assets	**3,636**	3,345

3. Dividends

	2011		2010	
	per share HK$	***Total HK$'000***	*per share HK$*	*Total HK$'000*
Ordinary interim dividend paid	**0.15**	**60,546**	0.30	121,092
Ordinary final dividend proposed	**0.45**	**181,638**	1.05	423,821
	0.60	**242,184**	1.35	544,913

At the Board Meeting held on 15 March 2012, the Directors recommended an ordinary final dividend of HK$0.45 per share for 2011 (2010: HK$1.05 per share). Such dividend, which will be proposed at the annual general meeting of the Company to be held on 17 May 2012, has not been recognised as liability in the financial statements.

4. Income tax

	2011	2010
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
Provision for the year	**33,991**	71,902
Revision of prior years' tax provision (note)	**(104,527)**	-
(Over)/under-provision in respect of prior years	**(196)**	1,923
	(70,732)	73,825
Current tax – PRC Income Tax		
Provision for the year	**-**	260
Over-provision in respect of prior years	**-**	(401)
	-	(141)
PRC withholding tax	**1,477**	1,400
Deferred tax		
Effect of revision of prior years' tax provision (note)	**104,527**	-
Origination and reversal of other temporary differences	**5,981**	268
	110,508	268
	41,253	75,352

Note: During the year ended 31 December 2011, the Hong Kong Inland Revenue Department ("the IRD") revised its assessing practice regarding the tax treatment of defined benefit retirement schemes. Due to the IRD's change in assessing practice, a subsidiary of the Company is eligible for additional tax deductions and a resulting tax refund from the IRD in respect of previous years. As a result, the subsidiary has revised its Hong Kong Profits Tax computations for prior years, resulting in an increase in current taxation recoverable relating to prior years of HK$104,527,000 (2010: Nil) and a corresponding increase in deferred tax liabilities. This has no material impact on the Group's net assets as at 31 December 2011 and its profit for the year then ended.

The provision for Hong Kong Profits Tax for 2011 is calculated at 16.5% (2010: 16.5%) of the estimated assessable profits for the year. Taxation for subsidiaries in the PRC is charged at the current rates of taxation applicable in the PRC.

5. 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$242,351,000 (2010: HK$866,886,000) and 403,639,413 shares in issue during the years ended 31 December 2011 and 2010. The calculation of basic earnings per share arising from sales of building and leasehold land interest and Manhattan Hill properties, and the Group's other operations is based on profits arising from the respective operations of HK$72,869,000 (2010: HK$471,952,000) and HK$169,482,000 (2010: HK$394,934,000) respectively and 403,639,413 shares in issue during the years ended 31 December 2011 and 2010.

(b) Diluted earnings per share

The diluted earnings per share for the current and previous years are not presented as there are no dilutive potential ordinary shares during the years.

6. Segment reporting

For the purposes of assessing segment performance and allocating resources between segments, the Group's chief operating decision makers ("CODM") monitor the results, assets and liabilities attributable to each reportable segment on the following bases:

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 the price charged to external parties for similar transactions.

Segment assets and segment liabilities include all current and non-current assets and liabilities, respectively, which are directly managed by the segments.

Information regarding the Group's reportable segments for the years ended 31 December 2011 and 2010 is set out below.

	Franchised bus operation		**Media sales business**		**Property development**		**All other segments (note)**		**Total**	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**6,180,941**	6,062,437	**371,491**	325,231	**109,512**	29,633	**285,600**	269,535	**6,947,544**	6,686,836
Inter-segment revenue	**101,318**	102,072	**-**	-	**-**	-	**22,971**	28,010	**124,289**	130,082
Reportable segment revenue	**6,282,259**	6,164,509	**371,491**	325,231	**109,512**	29,633	**308,571**	297,545	**7,071,833**	6,816,918
Reportable segment profit/(loss)	**69,045**	328,028	**(43,744)**	(57,155)	**72,869**	(16,999)	**64,321**	73,078	**162,491**	326,952
Interest income	**2,952**	1,044	**9,815**	12,024	**-**	-	**142**	284	**12,909**	13,352
Interest expense	**(8,630)**	(5,993)	**-**	-	**-**	-	**-**	(625)	**(8,630)**	(6,618)
Depreciation and amortisation for the year	**(835,740)**	(859,399)	**(9,699)**	(6,498)	**-**	-	**(38,052)**	(33,351)	**(883,491)**	(899,248)
Write-back/(provision) of impairment losses on receivables	**-**	731	**-**	(318)	**-**	-	**(104)**	(345)	**(104)**	68
Impairment loss on other financial assets	**-**	-	**(109,606)**	(110,000)	**-**	-	**-**	-	**(109,606)**	(110,000)
Impairment loss on media assets	**-**	-	**-**	(171)	**-**	-	**-**	-	**-**	(171)
Staff costs	**(2,916,398)**	(2,886,038)	**(60,047)**	(54,454)	**-**	-	**(90,224)**	(91,445)	**(3,066,669)**	(3,031,937)
Share of profits of associates	**-**	-	**-**	-	**-**	-	**31,292**	33,821	**31,292**	33,821
Income tax (expense)/credit	**(10,847)**	(63,266)	**(12,863)**	(8,269)	**(9,163)**	1,846	**(8,335)**	(5,663)	**(41,208)**	(75,352)
Reportable segment assets	**5,430,052**	5,113,638	**766,074**	806,756	**36,653**	64,610	**1,163,533**	1,087,663	**7,396,312**	7,072,667
- including interest in associates	**-**	-	**-**	-	**-**	-	**668,136**	640,263	**668,136**	640,263
Additions to non-current segment assets during the year	**626,790**	1,044,774	**66,567**	1,303	**-**	-	**60,966**	34,112	**754,323**	1,080,189
Reportable segment liabilities	**2,654,887**	2,415,519	**124,344**	71,088	**154,944**	176,156	**56,536**	49,373	**2,990,711**	2,712,136

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 services, leasing of investment properties and investments in associates.

6. Segment reporting (continued)

Reconciliation of reportable segment revenue, profit, assets and liabilities:

	2011	2010
	HK$'000	*HK$'000*
Revenue		
Reportable segment revenue	**6,763,262**	6,519,373
Revenue from all other segments	**308,571**	297,545
Elimination of inter-segment revenue	**(124,289)**	(130,082)
Consolidated turnover	**6,947,544**	6,686,836

	2011	2010
	HK$'000	*HK$'000*
Profit		
Reportable segment profit	**98,170**	253,874
Profit from all other segments	**64,321**	73,078
Gain on disposal of building and interest in leasehold land	**-**	489,052
Unallocated profits	**71,624**	39,370
Consolidated profit after taxation	**234,115**	855,374

	2011	2010
	HK$'000	*HK$'000*
Assets		
Reportable segment assets	**6,232,779**	5,985,004
Assets from all other segments	**1,163,533**	1,087,663
Unallocated assets	**2,335,954**	2,619,260
Consolidated total assets	**9,732,266**	9,691,927

	2011	2010
	HK$'000	*HK$'000*
Liabilities		
Reportable segment liabilities	**2,934,175**	2,662,763
Liabilities from all other segments	**56,536**	49,373
Unallocated liabilities	**39,218**	37,574
Consolidated total liabilities	**3,029,929**	2,749,710

Geographic information

Substantially all of the Group's revenue from external customers, based on the location at which the services were provided or the properties were sold, is generated in Hong Kong. The following table sets out information about the geographical location of the Group's fixed assets, intangible assets, goodwill and interests in associates ("specified non-current assets"). The geographical location of the specified non-current assets is based on the physical location of the asset in the case of fixed assets, the location of the operation to which they are allocated in the case of intangible assets and goodwill, and the location of operations in the case of interests in associates.

	Specified non-current assets	
	2011	2010
	HK$'000	*HK$'000*
Hong Kong (place of domicile)	**4,218,166**	4,354,299
The PRC	**678,020**	648,109
	4,896,186	5,002,408

7. Accounts receivable

	2011	2010
	HK$'000	*HK$'000*
Trade and other receivables	**330,649**	242,408
Instalments receivable from sale of properties	**1,003**	409
Interest receivable	**16,896**	14,156
Less: Allowance for doubtful debts	**(104)**	(345)
	348,444	256,628

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

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

	2011	2010
	HK$'000	*HK$'000*
Current	**105,951**	97,294
1 to 3 months past due	**50,888**	18,427
More than 3 months past due	**8,037**	7,934
	164,876	123,655

A credit period of between 30 days and 90 days is normally granted to customers of the Group's non-franchised transport operations and media sales business. For instalments receivable from sale of properties, the properties sold serve as the collateral.

8. Accounts payable and accruals

	2011	2010
	HK$'000	*HK$'000*
Trade payables	**220,642**	237,737
Balance of passenger rewards	**3,695**	31,572
Other payables and accruals	**842,539**	839,735
Financial liabilities measured at amortised cost	**1,066,876**	1,109,044

Included in accounts payable and accruals are trade payables with the following ageing analysis:

	2011	2010
	HK$'000	*HK$'000*
Due within 1 month or on demand	**197,655**	202,101
Due after 1 month but within 3 months	**17,219**	33,120
Due after more than 3 months	**5,768**	2,516
	220,642	237,737

RESULTS

The Group's profit attributable to equity shareholders for the year ended 31 December 2011 was HK$242.4 million, representing a decrease of 72.0% compared to HK$866.9 million for 2010. Earnings per share for the year decreased correspondingly to HK$0.60 for 2011 from HK$2.15 for 2010. The decrease in profit was mainly attributed to the deterioration in the financial performance of The Kowloon Motor Bus Company (1933) Limited in 2011, which was mainly owing to the drastic increase in international fuel oil prices compared with 2010. Another main reason for the year-on-year decrease in profit was the one-off, 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, which was recognised in 2010.

PROPOSED DIVIDEND

The Board has proposed the payment to shareholders registered as at 17 May 2012 an ordinary final dividend of HK$0.45 per share (2010: HK$1.05 per share) totalling HK$181.6 million (2010: HK$423.8 million). Together with the ordinary interim dividend of HK$0.15 per share (2010: HK$0.30 per share) paid on 17 October 2011, total dividends for the year will amount to HK$0.60 per share (2010: HK$1.35 per share). The total dividend payout for the year will amount to HK$242.2 million (2010: HK$544.9 million). Subject to the approval of shareholders at the forthcoming Annual General Meeting to be held on 17 May 2012, the ordinary final dividend will be payable on 1 June 2012.

The Transfer Books of the Company will be closed from 10 May 2012 to 17 May 2012, both dates inclusive. To qualify for the proposed dividends, transfers 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 9 May 2012.

MANAGEMENT REVIEW AND OUTLOOK

REVIEW OF OPERATIONS AND RESULTS OF INDIVIDUAL BUSINESS UNIT

Franchised Public Bus Operations

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

The profit after taxation of KMB for 2011 amounted to HK$51.4 million, a decrease of HK$359.6 million or 87.5% compared to HK$411.0 million for 2010. Such profit included a deemed income of HK$84.8 million (2010: HK$74.3 million) recognised in respect of two defined benefit staff retirement schemes operated by KMB in accordance with Hong Kong Accounting Standard 19, *Employee Benefits*. When excluding such deemed income, KMB recorded an operating loss of HK$17.8 million for 2011, an unfavourable change of HK$313.3 million compared to an operating profit of HK$295.5 million for 2010.

KMB's fare revenue for 2011 amounted to HK$5,822.8 million, an increase of HK$99.1 million or 1.7% compared to HK$5,723.7 million for 2010. Total ridership for 2011 was 936.4 million passenger trips (a daily average of 2.56 million passenger trips), a decrease of 1.1% compared to 946.7 million passenger trips (a daily average of 2.59 million passenger trips) for 2010. The increase in fare revenue was mainly due to the fare increase of 3.6% which took effect from 15 May 2011, but was partly offset by the loss of ridership due to continuing passenger shifts to the railways, in particular, after the commencement of the operations of the Kowloon Southern Link. Advertising revenue for the year amounted to HK$104.5 million, an increase of 0.8% compared with HK$103.7 million for the previous year.

Total operating expenses for 2011 amounted to HK$6,050.7 million, an increase of HK$402.5 million or 7.1% compared to HK$5,648.2 million for 2010. The increase was mainly due to drastic increase in international fuel oil prices, which resulted in the fuel costs for 2011 surging to HK$1,403.4 million, a substantial increase of HK$374.7 million compared to HK$1,028.7 million for 2010. The average price of Singapore 0.5% Sulphur Gas Oil ("Gasoil"), on which the prices of Near Zero Sulphur Diesel used by our franchised buses are based, increased by 39.1% from US$89.6 per barrel in 2010 to US$124.6 per barrel in

2011. Although a 3.6% fare increase was granted by the HKSAR Government and implemented with effect from 15 May 2011, such fare increase magnitude was grossly insufficient to offset the increase in fuel costs alone, which was largely beyond the control of KMB.

Since 14 January 2002, KMB has continually been assigned a single "A" corporate rating (outlook: stable) by Standard & Poor's in recognition of its prudence in financial management.

Long Win Bus Company Limited ("LWB")

The profit after taxation of LWB for the year amounted to HK$17.7 million, representing a decrease of HK$5.1 million or 22.4% compared with HK$22.8 million for the previous year.

LWB's fare revenue for 2011 amounted to HK$354.4 million, an increase of HK$17.8 million or 5.3% compared to HK$336.6 million for 2010. The increase was mainly due to the implementation of the 3.2% fare increase which took effect from 15 May 2011 and the year-on-year increase in ridership. During the year, LWB recorded a total ridership of 30.3 million passenger trips (a daily average of 82,889 passenger trips), an increase of 2.9% compared to 29.4 million passenger trips (a daily average of 80,579 passenger trips) in 2010. The increase in ridership was attributable to the increased demand for transport generated by travellers from China Mainland and by construction workers involved in new developments at the airport.

LWB's total operating expenses for the year amounted to HK$336.2 million, an increase of HK$25.9 million compared to HK$310.3 million for 2010. The increase was mainly due to the rise in fuel costs of HK$21.7 million or 37.0% as a result of the surge of fuel oil prices, as well as increases in staff costs, tunnel toll charges and other operating costs due to inflationary pressure.

Non-franchised Transport Operations

The Group's Non-franchised Transport Operations Division reported a profit after taxation of HK$17.5 million for 2011, representing a decrease of HK$5.5 million or 23.9% compared to HK$23.0 million for 2010. Turnover increased by 3.1% from HK$256.7 million for 2010 to HK$264.5 million for 2011. 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, which provides tailor-made transport services to a variety of customers, including servicing large residential estates, shopping malls, major employers, theme parks, deluxe hotels, travel agents and schools, as well as the general public through chartered hire services.

In spite of the rise in fuel prices which also had a negative effect on coach services, the SBH Group was able to adjust coach hiring charges to meet the increased operating costs. As a result, its turnover for the year increased by HK$9.6 million or 4.4% from HK$216.7 million in 2010 to HK$226.3 million in 2011. In line with the SBH Group's commitment to quality service and environmental protection, the SBH Group added 25 Euro V buses to its fleet in replacement of older buses in 2011.

As at 31 December 2011, the SBH Group had a fleet of 388 buses (2010: 382 buses). During the year, 33 buses (2010: 38 buses) were purchased for business expansion, service enhancement and fleet replacement.

New Hong Kong Bus Company Limited ("NHKB")

NHKB jointly operates with its Shenzhen (深圳) counterpart a direct, economical, 24-hour cross-boundary shuttle bus service (commonly known as the "Huang Bus" service) serving regular commuters and holiday travellers between Lok Ma Chau in Hong Kong and Huanggang (皇崗) in Shenzhen. Following 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 charter flights between Taiwan and China Mainland in July 2008, NHKB's ridership has been decreasing. For 2011, NHKB's total patronage was 5.2 million passenger trips (an average monthly ridership of 0.43 million passenger trips), a decrease of 6.8% compared to 5.6 million passenger trips (an average monthly ridership of 0.46 million passenger trips) for 2010. The negative impact from the decrease in ridership was partly offset by a fare increase from HK$7 per trip to HK$8 per trip for overnight and day services which took effect from 5 May 2010 and 21

November 2011 respectively. At the end of 2011, NHKB operated a total of 15 buses, the same number as at the end of 2010.

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, comprising 1,115 residential units with a total gross floor area of over one million square feet.

During 2011, three Manhattan Hill residential units with a total saleable GFA of about 6,963 square feet and 13 car parking spaces were sold, generating an after-tax profit of HK$72.9 million (2010: an after-tax loss of HK$17.0 million).

As at 31 December 2011, the residential units of Manhattan Hill had nearly all been sold, with only one specialty residential unit with a saleable GFA of 5,008 square feet and 14 car parking spaces (classified under current assets in the consolidated balance sheet) at a total carrying value of HK$19.7 million (2010: HK$45.2 million) available for sale.

There were no outstanding bank loans in respect of the construction of Manhattan Hill as at 31 December 2011 (2010: Nil).

LCK Commercial Properties Limited ("LCKCP")

LCKCP, a wholly-owned subsidiary of the Group, is the owner of the upscale "Manhattan Mid-town" shopping mall. Since opening in March 2009, the mall has provided Manhattan Hill residents, as well as local householders and office staff, with a mix of high quality shops and restaurants. In 2011, the entire lettable area of the 50,000 square feet shopping mall was completely leased out, generating a steady income stream for the Group.

As at 31 December 2011, the carrying value of the shopping mall (classified under investment property on the consolidated balance sheet), which was stated at cost less accumulated depreciation and impairment losses, amounted to HK$105.9 million (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 office 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 31 December 2011, the building was stated on the consolidated balance sheet at cost less accumulated depreciation and impairment losses in the amount of HK$33.9 million (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.

On 11 December 2009, KTRE, TRL, the Company and SHKP entered into an agreement to jointly develop the KT Site for non-residential (excluding hotel) purposes. Since April 2010, Sun Hung Kai Real Estate Agency Limited ("SHKRE"), a wholly-owned subsidiary of SHKP, has been appointed as the project manager to oversee the development of the KT Site. SHKRE is currently handling matters relating to the modification of the lease and the submission of the building plan. Site demolition and building work will start once the relevant statutory approvals have been granted. Upon completion, the Group intends to hold the development for long-term investment purposes.

As at 31 December 2011, the carrying value of the KT Site (classified under investment property under development on the consolidated balance sheet) amounted to HK$11.7 million (2010: HK$5.2 million). The capital commitment outstanding and not provided for as at 31 December 2011 was HK$1,791.3 million (2010: HK$1,797.1 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 31 December 2011, the carrying value of the industrial property (classified under investment property on the consolidated balance sheet), which was stated at cost less accumulated depreciation and impairment losses, amounted to HK$9.9 million (2010: HK$10.3 million).

Media Sales Business

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

For the year ended 31 December 2011, the RoadShow Group reported a total operating revenue of HK$397.3 million (2010: HK$356.4 million) and a loss attributable to equity shareholders of HK$48.6 million (2010: a loss of HK$61.6 million). The loss was mainly attributable to an impairment loss of HK$109.6 million (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 and loans to 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 year ended 31 December 2011 was HK$78.8 million, an increase of HK$17.7 million or 29.0% compared to HK$61.1 million for 2010.

The revenue generated from the RoadShow Group's Hong Kong media sales services in 2011 amounted to HK$370.6 million, an increase of 14.3% compared to HK$324.1 million in 2010. The increase was mainly attributed to the bus exterior advertising business, which commenced in November 2009, the growth in the bus interior advertising business following the upgrading of the bus television broadcasting system, and the enhancement of the RoadShow Group's unique marketing services to advertisers through the integrated 3-in-1 media (bus-television, bus-body and in-bus) platform on the road.

The total operating expenses of the RoadShow Group for 2011 amounted to HK$318.5 million, an increase of 7.9% compared to HK$295.3 million for 2010, which is in line with the growth of the media sales business.

Further information relating to the RoadShow Group is available in its 2011 final results announcement and annual report.

Mainland Transport Operations

As at 31 December 2011, the Group's total interests in associates within the China Mainland Transport Operations Division amounted to HK$668.1 million (2010: HK$640.3 million). Such investments are mainly related to the operation of passenger public transport services in Shenzhen (深圳), and taxi and car rental services in Beijing (北京). For the year ended 31 December 2011, the Group's China Mainland Transport Operations Division reported a profit of HK$31.3 million (2010: HK$33.8 million).

Beijing

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 in March 2003. BBKT's shareholders include KMB (Beijing) Taxi Investment Limited (九巴（北京）出租汽車投資有限公司), a wholly-owned subsidiary of the Group, Beijing Beiqi Municipal Taxi Group Company Limited (北京北汽出租汽車集團有限責任公司) and three other China Mainland investors. 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%. BBKT primarily engages in taxi hire and car rental businesses with a fleet of around 4,637 vehicles and 4,934 employees. It made steady progress and continued to record a profit in 2011.

Shenzhen

Shenzhen Bus Group Company Limited (深圳巴士集團股份有限公司) ("SBG"), which commenced operations in January 2005, is a Sino-foreign joint stock company formed by KMB (Shenzhen) Transport Investment Limited (九巴（深圳）交通投資有限公司), 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 about 5,946 vehicles serving 267 routes. In 2011, SBG continued to make steady progress and recorded a ridership of 907.0 million passenger trips (2010: 932.5 million passenger trips in 2010).

FINANCIAL LIQUIDITY AND RESOURCES

The Group closely monitors its liquidity and financial resources in a prudent manner by preparing and reviewing a rolling 12-month cash flow projection on a monthly basis 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. 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. 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. Through proper planning and close monitoring of the level of debts, the Group is able to effectively meet its funding and investment requirements. As at 31 December 2011, the Group had unutilised banking facilities totalling HK$730.0 million (2010: HK$1,329.8 million).

The Group was in a net cash position as at the year end of 2011 and 2010. At 31 December 2011, its liquidity ratio (the ratio of current assets to current liabilities) was 2.8 (2010: 2.2).

The Group's net cash as at 31 December 2011 amounted to HK$2,106.1 million (2010: HK$2,133.2 million).

For the year ended 31 December 2011, the finance costs incurred by the Group increased to HK$8.6 million from HK$6.6 million for 2010. The increase was due mainly to the increases in interest rates and average bank borrowings during the year. The average interest rate in respect of the Group's borrowings for 2011 was 0.95%, an increase of 15 basis points compared to 0.80% for 2010.

For the year ended 31 December 2011, the Group's interest income exceeded the total finance costs by HK$38.2 million (i.e. a net interest income position) (2010: HK$30.0 million).

CAPITAL EXPENDITURE

The Group's fixed assets in the consolidated balance sheet mainly comprise buildings, buses and other motor vehicles, buses under construction, tools and other equipment, investment properties, and interest in leasehold land. None of the Group's fixed assets was pledged or charged as at 31 December 2011.

In 2011, the Group incurred capital expenditure of HK$754.3 million (2010: HK$1,082.2 million). The decrease was mainly attributable to the fact that fewer new buses were purchased for our franchised public bus operations during the year.

EMPLOYEES AND REMUNERATION POLICIES

As 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 year ended 31 December 2011, total remuneration amounted to HK$2,987.0 million (2010: HK$2,967.1 million). The number of employees of the Group at the year end of 2011 was 12,879, an increase of 0.1% compared to 12,863 at the year end of 2010.

LOOKING AHEAD

Continued high fuel oil prices, an expanding rail network and further increases in wages and other operating expenses due to inflationary pressure mean that we expect the Group's operating environment to become increasingly challenging in 2012. We will respond to these challenges by seeking to improve KMB's network efficiency by engaging with the HKSAR Government and the District Councils on improving the efficiency of our bus network by reorganising routes with low demand and increasing the service on routes with growing demand.

Given the recent adverse changes in the operating environment, it is increasingly challenging to achieve our dual objective of maintaining high service standards while safeguarding the financial viability of our franchised bus operations under the existing regulatory framework. While further route rationalisation and efficiency enhancement measures are one response to these challenges, other means should be explored with the HKSAR Government with a view to easing fare increase pressures. If the current trend of high fuel prices persists and other mitigation measures cannot effectively alleviate the cost escalation problem, we will have little choice under the existing mechanism but to apply for fare adjustments in order to restore our financial viability and maintain the existing service standards.

Regarding our non-franchised transport businesses, we will continue to enhance the quality of our services for both local and cross-boundary services and to explore business opportunities that will increase our income. The Group will also continue to seek out business growth in China Mainland when good investment opportunities arise.

The development of the industrial site at 98 How Ming Street, East Kowloon, in which the Group has a 50% stake, is ongoing. The site is set for development into non-residential (excluding hotel) uses. Upon completion, the property will generate rental income for the Group. The sale of residential flats and car parking spaces at Manhattan Hill is almost complete. The entire Manhattan Mid-town shopping mall with a total area of 50,000 square feet and the shops in our headquarters building at 9 Po Lun Street, Lai Chi Kok, are leased out and will continue to provide steady revenue for the Group.

In spite of the significant challenges to our franchised public bus business posed by high fuel prices and the expansion of the rail network, the Group remains in good shape in respect of its various businesses and is well placed to take advantage of viable opportunities in the future. We are confident that we will be able to overcome the challenges that lie ahead by continuing to leverage our core competence to deliver significant value in the businesses that we operate.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the year, 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 PRACTICES

The Company has complied throughout the year ended 31 December 2011 with the code provisions set out in the Code on Corporate Governance Practices as contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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 reviewed the financial results for the year ended 31 December 2011.

By Order of the Board
S.Y. CHUNG
Chairman

Hong Kong, 15 March 2012

The Directors of the Company as at the date of this announcement are:

Independent Non-executive Directors:
The Hon. Sir Sze-yuen CHUNG, *GBM, GBE, JP* (Chairman)
Dr. Norman LEUNG Nai Pang, *GBS, JP* (Deputy Chairman)
Dr. John CHAN Cho Chak, *GBS, JP*
Dr. Eric LI Ka Cheung, *GBS, OBE, JP*
Mr. Gordon SIU Kwing Chue, *GBS, CBE, JP*
Professor LIU Pak-wai, *SBS, JP*

Non-executive Directors:
Mr. Raymond KWOK Ping Luen, *JP* (Mr. YUNG Wing Chung as his alternate)
Dr. Walter KWOK Ping Sheung, *JP* (Mr. Godwin SO Wai Kei as his alternate)
Mr. NG Siu Chan (Ms. Winnie NG as his alternate)
Mr. William LOUEY Lai Kuen
Ms. Winnie NG
Mr. John Anthony MILLER, *SBS, OBE*

Executive Directors:
Mr. Edmond HO Tat Man (Managing Director)
Mr. Charles LUI Chung Yuen, *M.H.*
Mr. Evan AU YANG Chi Chun

**For identification purposes only*