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 2012

Financial Highlights

- The Group's unaudited profit attributable to equity shareholders of the Company for the first half of 2012 was HK$182.9 million (first half of 2011: HK$64.3 million), representing an increase of 184.4% compared with the corresponding period in 2011. Earnings per share for the period under review increased correspondingly to HK$0.45 from HK$0.16 for the six months ended 30 June 2011.

- An interim dividend of HK$0.15 per share for the six months ended 30 June 2012 has been declared (six months ended 30 June 2011: HK$0.15 per share).

- KMB recorded a loss after taxation of HK$15.2 million for the first half of 2012 (first half of 2011: loss after taxation of HK$16.0 million). Such loss for the first half of 2012 had taken into account a deemed income of HK$18.1 million (first half of 2011: HK$42.4 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 2012 would have been HK$30.3 million (first half of 2011: loss after taxation of HK$51.4 million).

- For the first half of 2012, RoadShow reported a profit attributable to equity shareholders of HK$26.0 million, representing a favourable change of HK$109.0 million compared with a loss of HK$83.0 million for the corresponding period of 2011 due mainly to the fact that no further provision for impairment loss (first half of 2011: HK$109.6 million) was made on a joint venture investment in Mainland China during the period under review.

Consolidated income statement

	Note	Six months ended 30 June 2012 HK$ million (Unaudited)	2011 HK$ million (Unaudited)
Turnover	3, 10	**3,554.6**	3,435.1
Other net income	4	**104.8**	115.4
Cost of properties sold		**(19.5)**	(22.9)
Staff costs	5	**(1,584.3)**	(1,522.1)
Depreciation and amortisation		**(398.0)**	(435.8)
Fuel and oil		**(777.2)**	(745.5)
Spare parts and stores		**(114.0)**	(120.5)
Toll charges		**(194.5)**	(191.6)
Selling and marketing expenses for property sales		**(2.5)**	(1.3)
Other operating expenses		**(364.6)**	(352.5)
Profit from operations		**204.8**	158.3
Finance costs	6	**(4.8)**	(4.2)
Share of profits of associates		**15.4**	17.7
Impairment loss on other financial assets		**-**	(109.6)
Profit before taxation		**215.4**	62.2
Income tax	7	**(22.4)**	(17.9)
Profit for the period		**193.0**	44.3

Consolidated income statement (continued)

	Note	**Six months ended 30 June** **2012** **HK$ million** **(Unaudited)**	2011 HK$ million (Unaudited)
Profit/(loss) for the period attributable to:			
Equity shareholders of the Company		**182.9**	64.3
Non-controlling interests		**10.1**	(20.0)
Profit for the period		**193.0**	44.3
Profit/(loss) for the period attributable to equity shareholders of the Company:			
Arising from sale of Manhattan Hill properties		**71.2**	73.9
Arising from the Group's other operations		**111.7**	(9.6)
		182.9	64.3
Earnings/(loss) per share – basic and diluted:	9		
Arising from sale of Manhattan Hill properties		**HK$ 0.18**	HK$ 0.18
Arising from the Group's other operations		**HK$ 0.27**	HK$ (0.02)
		HK$ 0.45	HK$ 0.16

Consolidated balance sheet

	Note	At 30 June 2012 HK$ million (Unaudited)	At 31 December 2011 HK$ million (Audited)
Non-current assets			
Fixed assets			
- Investment properties		**122.7**	123.1
- Investment property under development		**13.0**	11.7
- Interest in leasehold land		**70.4**	71.4
- Other property, plant and equipment		**3,673.8**	3,914.3
		3,879.9	4,120.5
Intangible assets		**90.7**	44.2
Goodwill		**67.9**	63.3
Non-current prepayments		**3.0**	1.7
Interest in associates		**650.9**	668.1
Other financial assets		**421.7**	472.5
Employee benefit assets		**733.1**	800.7
Deferred tax assets		**3.7**	3.5
		5,850.9	6,174.5
Current assets			
Completed property held for sale		**3.2**	19.7
Spare parts and stores		**49.3**	59.4
Accounts receivable	11	**382.3**	348.4
Other financial assets		**49.5**	15.0
Deposits and prepayments		**77.8**	30.4
Current taxation recoverable		**3.2**	110.8
Pledged and restricted bank deposits		**44.3**	45.4
Cash and cash equivalents		**3,077.9**	2,928.6
		3,687.5	3,557.7
Current liabilities			
Bank loans and overdrafts		**200.0**	70.0
Accounts payable and accruals	12	**926.9**	1,066.9
Third party claims payable		**137.8**	136.3
Current taxation payable		**54.0**	4.5
		1,318.7	1,277.7
Net current assets		**2,368.8**	2,280.0
Total assets less current liabilities		**8,219.7**	8,454.5

Consolidated balance sheet (continued)

	Note	**At 30 June 2012 HK$ million (Unaudited)**	At 31 December 2011 HK$ million (Audited)
Non-current liabilities			
Bank loans		**598.2**	797.9
Contingency provision - insurance		**310.3**	309.6
Deferred tax liabilities		**585.3**	607.4
Provision for long service payments		**34.8**	37.3
		1,528.6	1,752.2
Net assets		**6,691.1**	6,702.3
Capital and reserves			
Share capital		**403.6**	403.6
Reserves		**6,117.6**	6,116.4
Total equity attributable to equity shareholders of the Company		**6,521.2**	6,520.0
Non-controlling interests		**169.9**	182.3
Total equity		**6,691.1**	6,702.3

Notes:

1 Independent review

The interim financial report for the six months ended 30 June 2012 is unaudited, but has been reviewed by KPMG, in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), whose unmodified review report is included in the interim report to be sent to shareholders. The interim financial report has also been reviewed by the Audit Committee of the Company.

2 Basis of preparation

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the HKICPA. It was authorised for issue on 16 August 2012.

The accounting policies adopted in the preparation of this interim financial report are consistent with those set out in the Group's 2011 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2012 annual financial statements.

The HKICPA has issued a few amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these developments are relevant to the Group's financial statements and the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 Turnover

Turnover comprises fare 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	
	2012 **HK$ million** **(Unaudited)**	2011 HK$ million (Unaudited)
Fare revenue from franchised public bus services	**3,099.8**	3,011.7
Revenue from non-franchised transport services	**142.1**	128.1
Media sales revenue	**195.8**	178.0
Revenue from sales of properties	**103.7**	108.0
Gross rentals from investment properties	**13.2**	9.3
	3,554.6	3,435.1

4 Other net income

	Six months ended 30 June	
	2012	2011
	HK$ million	HK$ million
	(Unaudited)	(Unaudited)
Interest income on other financial assets not at fair value through profit or loss	**33.4**	19.1
Dividend income from unlisted equity securities	**32.2**	13.6
Net income recognised in respect of defined benefit retirement plans	**17.5**	42.3
Claims received	**9.6**	12.3
Net miscellaneous business receipts	**3.9**	3.8
Net gain on disposal of fixed assets	**1.4**	2.7
Net movement in balance of passenger rewards	**0.7**	15.1
Net foreign exchange (loss)/gain	**(3.0)**	2.3
Interest income on instalments receivable from sales of properties	**-**	0.1
Sundry revenue	**9.1**	4.1
	104.8	115.4

5 Staff costs

	Six months ended 30 June	
	2012	2011
	HK$ million	HK$ million
	(Unaudited)	(Unaudited)
Contributions to defined contribution retirement plans	**37.1**	33.3
Movements in provision for long service payments	**0.7**	3.3
Salaries, wages and other benefits	**1,546.5**	1,485.5
	1,584.3	1,522.1

6 Finance costs

	Six months ended 30 June	
	2012	2011
	HK$ million	HK$ million
	(Unaudited)	(Unaudited)
Interest on bank loans and overdrafts not at fair value through profit or loss	**4.8**	4.2

7 Income tax

	Six months ended 30 June	
	2012	2011
	HK$ million	HK$ million
	(Unaudited)	(Unaudited)
Current tax – Hong Kong Profits Tax		
Provision for the period	**52.0**	22.0
The People's Republic of China ("PRC") withholding tax	**0.8**	1.3
Deferred tax		
Origination and reversal of temporary differences	**(30.4)**	(5.4)
	22.4	17.9

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 2012 (six months ended 30 June 2011: 16.5%).

8 Dividends

(a) Dividend attributable to the interim period:

	Six months ended 30 June	
	2012	2011
	HK$ million	HK$ million
	(Unaudited)	(Unaudited)
Dividend declared after the interim period end:		
Ordinary interim dividend of HK$0.15 per share (six months ended 30 June 2011: HK$0.15 per share)	**60.5**	60.5

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	
	2012	2011
	HK$ million	HK$ million
	(Unaudited)	(Unaudited)
Ordinary final dividend in respect of the financial year ended 31 December 2011, approved and paid during the following interim period, of HK$0.45 per share (six months ended 30 June 2011: HK$1.05 per share in respect of the year ended 31 December 2010)	**181.6**	423.8

9 Earnings/(loss) per share

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit attributable to equity shareholders of the Company of HK$182.9 million (six months ended 30 June 2011: HK$64.3 million) and 403.6 million shares in issue during the periods presented. The calculation of basic earnings/(loss) per share arising from sale of Manhattan Hill properties and the Group's other operations is based on profits arising from the respective operations of HK$71.2 million (six months ended 30 June 2011: HK$73.9 million) and HK$111.7 million (six months ended 30 June 2011: loss of HK$9.6 million) 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 periods presented and diluted earnings/(loss) per share are the same as basic earnings/(loss).

10 Segment information

	Franchised bus operation Six months ended 30 June		Media sales business Six months ended 30 June		Property development Six months ended 30 June		All other segments (note) Six months ended 30 June		Total Six months ended 30 June	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$ million	HK$ million	**HK$ million**	HK$ million	**HK$ million**	HK$ million	**HK$ million**	HK$ million	**HK$ million**	HK$ million
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
Revenue from external customers	**3,103.0**	3,012.9	**192.6**	176.8	**103.7**	108.0	**155.3**	137.4	**3,554.6**	3,435.1
Inter-segment revenue	**52.8**	50.1	**-**	-	**-**	-	**10.3**	12.9	**63.1**	63.0
Reportable segment revenue	**3,155.8**	3,063.0	**192.6**	176.8	**103.7**	108.0	**165.6**	150.3	**3,617.7**	3,498.1
Reportable segment profit/(loss)	**0.1**	(10.7)	**28.9**	(80.6)	**71.2**	73.9	**37.8**	32.8	**138.0**	15.4

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.

11 Accounts receivable

	At 30 June 2012 HK$ million (Unaudited)	At 31 December 2011 HK$ million (Audited)
Trade and other receivables	**287.4**	330.6
Instalments receivable from sales of properties	**77.8**	1.0
Interest receivable	**17.2**	16.9
Less: allowance for doubtful debts	**(0.1)**	(0.1)
	382.3	348.4

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 2012 HK$ million (Unaudited)	At 31 December 2011 HK$ million (Audited)
Current	**182.4**	106.0
1 to 3 months past due	**20.0**	50.9
More than 3 months past due	**7.1**	8.0
	209.5	164.9

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

12 Accounts payable and accruals

	At 30 June 2012 HK$ million (Unaudited)	At 31 December 2011 HK$ million (Audited)
Trade payables	**256.2**	220.6
Balance of passenger rewards	**3.0**	3.7
Other payables and accruals	**667.7**	842.6
	926.9	1,066.9

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 2012 HK$ million (Unaudited)	At 31 December 2011 HK$ million (Audited)
Due within 1 month or on demand	**250.7**	197.6
Due after 1 month but within 3 months	**3.9**	17.2
Due after more than 3 months	**1.6**	5.8
	256.2	220.6

INTERIM RESULTS

The Group's unaudited profit attributable to equity shareholders of the Company for the six months ended 30 June 2012 was HK$182.9 million (six months ended 30 June 2011: HK$64.3 million), representing an increase of 184.4% compared with the corresponding period in 2011. Earnings per share for the period under review increased correspondingly to HK$0.45 from HK$0.16 for the six months ended 30 June 2011.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK$0.15 per share (six months ended 30 June 2011: HK$0.15 per share), totalling HK$60.5 million for the six months ended 30 June 2012 (six months ended 30 June 2011: HK$60.5 million). The interim dividend will be paid on 16 October 2012 to the shareholders of the Company whose names are on the Register of Members at the close of business on 9 October 2012. The Register will be closed from 4 October 2012 to 9 October 2012, 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 2012.

MANAGEMENT REVIEW AND OUTLOOK

REVIEW OF OPERATIONS AND RESULTS OF INDIVIDUAL BUSINESS UNITS

Franchised Public Bus Operations

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

- KMB recorded a loss after taxation of HK$15.2 million for the first half of 2012 (first half of 2011: loss after taxation of HK$16.0 million). Such loss for the first half of 2012 had taken into account a deemed income of HK$18.1 million (first half of 2011: HK$42.4 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 2012 would have been HK$30.3 million (first half of 2011: loss after taxation of HK$51.4 million).

- Fare revenue for the first half of 2012 increased by 2.7% to HK$2,917.5 million as compared with HK$2,840.6 million for the corresponding period in 2011. The additional fare revenue generated during the period under review resulting from the implementation of the fare increase of 3.6% which took effect from 15 May 2011 was insufficient to offset the increase in staff costs of HK$53.9 million and the increase in fuel costs of HK$29.2 million. The latter was driven by the increase in fuel prices and the slight rise in bus-kilometres operated for service reliability improvements. Advertising revenue for the first half of 2012 was HK$54.8 million, an increase of 7.0% compared with HK$51.2 million for the first half of 2011. Total operating expenses for the first half of 2012 amounted to HK$3,044.9 million, compared with HK$2,999.7 million for the corresponding period of 2011.

- The average daily ridership for the first half of 2012 was 2.54 million passenger trips, a decrease of 0.5% compared with the corresponding period last year. The decrease was mainly due to the continuing passenger shifts to the railways. Total ridership for the period under review, however, slightly increased by 0.1% due mainly to the leap year effect as there were 29 days in February 2012.

- As at 30 June 2012, KMB operated a total of 394 routes (31 December 2011: 393 routes). In addition, there were 78 Octopus Bus-bus Interchange ("BBI") schemes covering 261 bus routes, operating both within the KMB route network and on joint schemes run with other public transport operators. These BBI schemes provide fare discounts to passengers on the second leg of journeys while broadening KMB's network coverage. They also help relieve traffic congestion on busy corridors and contribute towards an improved environment by improving bus utilisation and saving resources.

- During the first half of 2012, substantial investments were made in new buses featuring the latest safety, barrier-free wheel-chair-user-friendly, and environmental design features. A total of 28 new Euro V air-conditioned super-low floor single-deck buses and 61 Euro V air-conditioned super-low floor double-deck buses were added to the KMB fleet. As at 30 June 2012, KMB operated a total of 3,919 buses (31 December 2011: 3,891 buses), comprising 3,737 double-deck and 182 single-deck buses, all of which were air-conditioned. In addition, KMB had 50 new Euro V air-conditioned super-low floor double-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 2012 amounted to HK$15.3 million, representing an increase of HK$10.0 million compared with HK$5.3 million for the corresponding period of 2011.

- Fare revenue for the first half of 2012 increased by 6.8% to HK$182.3 million as compared with HK$170.7 million for the corresponding period in 2011. Such increase was mainly due to the fare increase of 3.2%, which took effect from 15 May 2011, and an increase in the average daily ridership of 3.4% over the corresponding period in 2011 as a result of increasing transport demand from international travellers and from construction workers involved in various infrastructural projects at the Airport and in the expansion programme of Hong Kong Disneyland. Total operating expenses for the period under review amounted to HK$165.6 million, compared with HK$165.8 million for the corresponding period of 2011.

- As at 30 June 2012, LWB operated six BBI schemes covering 12 bus routes, operating both within LWB's bus network and on joint inter-modal schemes run with other public transport operators. These BBI schemes provide passengers with interchange fare discounts and allow LWB to deploy its resources more effectively.

- In the first half of 2012, LWB introduced 17 new Euro V air-conditioned super-low floor double-deck buses to its fleet to enhance the level of service on routes with increased demand. As at 30 June 2012, LWB operated 19 routes with a fleet of 166 air-conditioned super-low floor double-deck buses.

- As at 30 June 2012, LWB had four 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$14.1 million for the first half of 2012, representing an increase of 76.3% compared with HK$8.0 million for the corresponding period of 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, serving 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.

- Turnover of the SBH Group for the first half of 2012 increased by 13.3% compared with the corresponding period in 2011. The increase was due mainly to business growth and upward adjustment of coach hiring charges upon contract renewal in line with rising operating costs. Total operating expenses for the period under review also increased as a result of the increases in salaries, fuel costs and other operating expenses as a result of general inflation.

- As at 30 June 2012, the SBH Group had a fleet of 394 buses (31 December 2011: 388 buses). During the first half of 2012, a cross-boundary bus operation with eight buses was acquired by the SBH Group. In addition, 15 new coaches were purchased for service enhancement and fleet replacement.

New Hong Kong Bus Company Limited ("NHKB")

- In conjunction with its Shenzhen counterpart, NHKB operated a total of 15 air-conditioned super-low floor single-deck buses on its 24-hour cross-boundary shuttle bus service, commonly known as the "Huang Bus" service, which takes business and leisure travellers between Lok Ma Chau in Hong Kong and Huanggang (皇崗) in Shenzhen (深圳). With the opening of the Lok Ma Chau Spur Line and the Lok Ma Chau Public Transport Interchange, and the increasing number of cross-boundary transport options available for passengers, NHKB faced keen competition from railway and public minibus services. As a result, NHKB's average monthly ridership fell by 9.3% from 0.43 million passenger trips for the first half of 2011 to 0.39 million passenger trips for the first half of 2012. The adverse impact on fare revenue due to the loss of ridership was, however, compensated for by the fare increase for day-time services (6:30 a.m. – midnight) from HK$7 per trip to HK$8 per trip which took effect from 21 November 2011.

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. In the first half of 2012, the last residential unit of Manhattan Hill with a total saleable gross floor area of about 5,008 square feet and five car parking spaces were sold, generating an after-tax profit of HK$71.2 million (first half of 2011: HK$73.9 million). As at 30 June 2012, LCKPI had nine car parking spaces available for sale.

- As at 30 June 2012, the carrying value of the aforesaid nine car parking spaces (classified as completed property held for sale under current assets on the consolidated balance sheet), amounted to HK$3.2 million (31 December 2011: HK$19.7 million).

LCK Commercial Properties Limited ("LCKCP")

- LCKCP, a wholly-owned subsidiary of the Group, is the owner of the shopping mall, "Manhattan Mid-town". Since opening in March 2009, the 50,000 square feet shopping mall has provided Manhattan Hill residents, as well as local householders and office staff, with a mix of high quality retail facilities including a variety of shops and restaurants. As at 30 June 2012, about 96% of the lettable area of the shopping mall had been leased out, generating a steady income stream for the Group.

- As at 30 June 2012, the carrying value of the shopping mall (classified as investment property on the consolidated balance sheet) amounted to HK$103.4 million (31 December 2011: HK$105.9 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 2012, the building was stated on the consolidated balance sheet at cost less accumulated depreciation in the amount of HK$33.3 million (31 December 2011: HK$33.9 million).

KT Real Estate Limited ("KTRE")

- KTRE, a wholly-owned subsidiary of the Company, and Turbo Result Limited, 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 ("SHKRE"), a wholly-owned subsidiary of SHKP, has been appointed as 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 30 June 2012, the carrying value of the KT Site (classified as investment property under development on the consolidated balance sheet) amounted to HK$13.0 million (31 December 2011: HK$11.7 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 has been leased out since March 2011 to generate additional rental income.

- As at 30 June 2012, the carrying value of the industrial property (classified under investment property on the consolidated balance sheet) amounted to HK$9.3 million (31 December 2011: HK$9.9 million).

Media Sales Business

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

- RoadShow, established by the Group as its media sales arm, has been separately listed on the main board of The Stock Exchange of Hong Kong Limited since 28 June 2001. At present, the Group owns a 73% interest in RoadShow. The RoadShow Group offers advertisers a dynamic and effective means of marketing their products and services to 3.6 million bus passengers every day. It 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.

- For the six months ended 30 June 2012, RoadShow reported a profit attributable to equity shareholders of HK$26.0 million (six months ended 30 June 2011: a loss of HK$83.0 million). The loss in the first half of 2011 was mainly due to an impairment loss of HK$109.6 million made by the RoadShow Group on a joint venture investment in Mainland China.

- Further information regarding the RoadShow Group is available in its 2012 interim results announcement and interim report.

Mainland Transport Operations

As at 30 June 2012, the Group's total interest in the businesses under the Mainland Transport Operations Division amounted to HK$650.9 million (31 December 2011: HK$668.1 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 2012, the Group's Mainland Transport Operations Division reported a profit after taxation of HK$15.4 million, representing a decrease of 13.0% compared with HK$17.7 million for the corresponding period in 2011.

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 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%. BBKT is one of the leading operators in the taxi hire and car rental market in Beijing and is dedicated to providing high quality transport services to its customers. At 30 June 2012, it had a fleet of about 4,500 vehicles. BBKT made steady progress and continued to record a profit in the first half of 2012.

Shenzhen (深圳)

Shenzhen Bus Group Company Limited (深圳巴士集團股份有限公司) ("SBG"), which commenced operations in 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 mainly provides public bus, minibus and taxi services in Shenzhen City, Guangdong Province (廣東省深圳市), with approximately 5,869 vehicles serving some 270 routes. In the first half of 2012, SBG recorded a ridership of 427.7 million passenger trips (first half of 2011: 458.3 million passenger trips). The decrease in ridership was mainly due to the shift of passengers to the new railway lines.

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.

Net cash

As at 30 June 2012, the Group's net cash (i.e. cash and deposits at banks less total borrowings) amounted to HK$2,324.0 million (31 December 2011: HK$2,106.1 million). The details of the Group's net cash by currency at 30 June 2012 are given below:

Currency	Cash and deposits at bank in foreign currency million	Cash and deposits at bank HK$ million	Bank loans and overdrafts HK$ million	Net cash HK$ million
At 30 June 2012:-				
Hong Kong Dollars		**2,687.1**	**(798.2)**	**1,888.9**
Renminbi	**186.8**	**228.1**	**-**	**228.1**
United States Dollars	**26.4**	**205.3**	**-**	**205.3**
British Pounds Sterling	**0.1**	**1.7**	**-**	**1.7**
Total		**3,122.2**	**(798.2)**	**2,324.0**
At 31 December 2011:-				
Hong Kong Dollars		2,568.1	(867.9)	1,700.2
Renminbi	165.6	204.3	-	204.3
United States Dollars	25.8	201.0	-	201.0
British Pounds Sterling	-	0.6	-	0.6
Total		2,974.0	(867.9)	2,106.1

Bank loans and overdrafts

At 30 June 2012, bank loans and overdrafts, all unsecured, amounted to HK$798.2 million (31 December 2011: HK$867.9 million). The maturity profile of the bank loans and overdrafts of the Group at 30 June 2012 and 31 December 2011 is set out below:

	At 30 June 2012 HK$ million	At 31December 2011 HK$ million
Within 1 year or on demand	**200.0**	70.0
After 1 year but within 2 years	**199.7**	200.0
After 2 years but within 5 years	**398.5**	597.9
	598.2	797.9
Total	**798.2**	867.9

Banking facilities

As at 30 June 2012, the Group had undrawn banking facilities totalling HK$660.0 million (31 December 2011: HK$730.0 million), of which HK$650.0 million (31 December 2011: HK$720.0 million) was of a committed nature.

Finance costs

For the six months ended 30 June 2012, the finance costs incurred by the Group amounted to HK$4.8 million (six months ended 30 June 2011: HK$4.2 million). The average interest rate in respect of the Group's borrowings for the period under review was 1.12% per annum compared with 0.88% per annum for the corresponding period in 2011.

Cash and deposits at bank

As at 30 June 2012, the Group's cash and deposits at banks (mainly denominated in Hong Kong Dollars, United States Dollars, British Pounds Sterling and Renminbi) amounted to HK$3,122.2 million (31 December 2011: HK$2,974.0 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. As at 30 June 2012, 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. 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 with its total asset base. The Group will closely monitor its foreign exchange movements and enter into forward exchange contracts in a strategic manner when opportunities arise to hedge foreign currency fluctuations. As at 30 June 2012, the Group had no forward exchange contracts outstanding.

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 reserves on hand. 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 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 efficiency enhancement measures, including but not limited to the implementation of more route reorganisation plans and the introduction of new local or boundary routes with growing demand, with the Government of the Hong Kong Special Administrative Region (the "HKSAR Government") to mitigate this impact. The Group will continue to closely monitor 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 2012. In the first half of 2012, the Group incurred capital expenditure of HK$167.4 million (six months ended 30 June 2011: HK$515.1 million), which was mainly used for the purchase of new buses for the Group's franchised public bus operations.

As at 30 June 2012, the Group's capital commitments outstanding and not provided for in the interim financial report amounted to HK$2,127.0 million (31 December 2011: HK$2,140.6 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

As at 31 December 2011, the Company had undertaken to guarantee a banking facility granted to a subsidiary to the extent of HK$140.0 million under which HK$70.0 million was advanced by the bank to the subsidiary. The loan of HK$70.0 million was fully repaid by the subsidiary during the period under review and the guarantee had expired accordingly.

EMPLOYEES AND REMUNERATION POLICIES

Transport operations are labour intensive and staff costs accounted for a substantial portion of the total operating expenses of the Group. As at 30 June 2012, the Group employed more than 12,980 employees. Total remuneration for the six months ended 30 June 2012 amounted to HK$1,584.3 million (six months ended 30 June 2011: HK$1,522.1 million).

Employee compensation, including salaries, retirement schemes and medical benefits, is made by reference to the market, individual performance and contributions. The Group closely monitors and aligns its headcount and staff remuneration against productivity and market trends.

OUTLOOK

Franchised Public Bus Operations

In light of the inflationary environment, KMB and LWB recently agreed to grant a pay rise of 5.0% to its operations and maintenance staff with effect from 1 June 2012 and to other staff from 1 September 2012. With an expanding rail network, high fuel prices, increases in staff costs and in other operating expenses due to inflation, as well as rising customer expectations of higher service quality, it is inevitable that the Group's franchised public bus operations will continue to face significant financial and operational challenges. Although we have submitted various bus service reorganisation proposals to the HKSAR Government in a bid to improve resource utilisation and secure the financial viability of our operations, most of these proposals have not been approved despite the fact that they are justified by declining passenger demand. It has become increasingly challenging to achieve our dual objectives of maintaining high service standards while safeguarding the financial viability of our franchised bus operations under the existing regulatory framework. If Gasoil prices persistently stay at a relatively high level, and in the absence of other effective cost mitigation measures, we will have no other alternative under the existing mechanism but to seek fare adjustments in order to restore our financial viability and maintain the existing service standards.

In spite of the challenges ahead, we will continue to identify ways to improve the quality of our services in all aspects to enhance safety, efficiency and customer satisfaction. We are one of the participating franchised bus operators of the Public Transport Fare Concession Scheme for the Elderly and Eligible Person with Disabilities (the "Scheme") implemented by the HKSAR Government. With effect from 5 August 2012, elderly people aged 65 or above and eligible people with disabilities under the Scheme may use their Octopus Cards to travel on KMB and LWB's bus routes that are covered under the Scheme at a concessionary fare of HK$2 per trip. We have also been actively exploring green bus technologies and are keen to see the deployment of electric buses (whether powered by supercapacitor or battery technology) in our operations, as well as diesel-electric hybrid buses. Besides giving the benefit of zero roadside emission, these types of technologies are more economical, requiring substantially lower capital expenditure on infrastructure when compared with rail, although continued funding support from the HKSAR Government is likely to be necessary for further deployment if fare levels are to remain in line with those of diesel buses.

Non-franchised Businesses

Our Non-franchised transport businesses remained profitable in the first half of 2012 although high fuel prices have posed significant challenges to their operations. This was mainly attributed to the enhanced service quality of both our local and cross-boundary services, which helped to attract more customers, and to the flexibility of adjusting coach hiring charges to meet the increased operating costs. The Group will continue to enhance our service quality to improve our market share in the local non-franchised transport sector.

The development of the KT Site at No. 98 How Ming Street, Kwun Tong, Kowloon is underway. 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 Group's Manhattan Mid-town shopping mall at 1 Po Lun Street, Lai Chi Kok with a total area of 50,000 square feet and the shops in our headquarters building at 9 Po Lun Street, Lai Chi Kok, together with the industrial property at 1 Kin Fung Circuit, Tuen Mun, will continue to generate steady rental revenue for the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the six months ended 30 June 2012, 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 with the applicable code provisions in the Code on Corporate Governance Practices (effective until 31st March 2012) and the Corporate Governance Code (effective from 1st April 2012) set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2012, except two of the Non-executive Directors of the Company, Mr. Raymond Kwok Ping-luen and Dr. Walter Kwok Ping-sheung, were unable to attend the Annual General Meeting of the Company held on 17 May 2012 as provided for in code provision A.6.7 due to other engagements.

REVIEW OF INTERIM FINANCIAL REPORT

The interim results for the six months ended 30 June 2012 are unaudited, but have been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants, by the Company's external auditors, KPMG, whose report on review of interim financial information is included in the interim report to be sent to shareholders.

The Audit Committee of the Company, together with management and 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 2012.

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 2012 interim report will be available at the Company's website and despatched to shareholders of the Company in early September 2012.

By Order of the Board

Norman LEUNG Nai Pang
Chairman

Hong Kong, 16 August 2012

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

Independent Non-executive Directors:
Dr. Norman LEUNG Nai Pang, *GBS, JP* (Chairman)
Dr. John CHAN Cho Chak, *GBS, JP* (Deputy Chairman)
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