載通國際
Transport International

TRANSPORT INTERNATIONAL HOLDINGS LIMITED

2015 Interim Report

CONTENTS

INTERIM RESULTS

The Group's unaudited profit attributable to equity shareholders of the Company for the six months ended 30 June 2015 was HK$330.1 million (six months ended 30 June 2014: HK$151.2 million), representing an increase of HK$178.9 million or 118.3% compared with the corresponding period in 2014. The increase in profit was mainly attributable to the improvement in the financial performance of KMB as a result of the 3.9% fare increase which took effect on 6 July 2014 and the decrease in international fuel prices. Earnings per share for the six months ended 30 June 2015 were HK$0.82 per share (six months ended 30 June 2014: HK$0.37 per share), representing an increase of HK$0.45 per share compared with the corresponding period in 2014.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK$0.30 per share (six months ended 30 June 2014: HK$0.15 per share), totalling HK$121.1 million for the six months ended 30 June 2015 (six months ended 30 June 2014: HK$60.5 million). The interim dividend will be paid on 15 October 2015 to the equity shareholders of the Company whose names are on the Register of Members at the close of business on 7 October 2015. The Register will be closed from 5 October 2015 to 7 October 2015, 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 2 October 2015.

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 profit after taxation of HK$238.3 million for the first half of 2015 (first half of 2014: HK$67.7 million), representing an increase of HK$170.6 million compared with the corresponding period in 2014.

- Fare revenue for the first half of 2015 increased by HK$96.4 million or 3.1% to HK$3,199.4 million as compared with HK$3,103.0 million for the corresponding period in 2014. The increase was primarily due to the fare increase of 3.9% which took effect on 6 July 2014. Advertising revenue for the first half of 2015 increased by HK$16.9 million from HK$58.7 million for the first half of 2014 to HK$75.6 million. Total operating expenses for the period under review were HK$3,036.0 million, a decrease of HK$95.8 million compared with HK$3,131.8 million for the corresponding period in 2014. The decrease was mainly due to the year-on-year reduction in fuel costs of HK$253.3 million as a result of the decline in international fuel prices, which fully offset the financial impact of the annual pay rise and increases in other operating expenses due to inflation.

- The average daily ridership for the first half of 2015 was 2.62 million passenger-trips, a slight decrease of 0.2% compared with the corresponding period last year. The decrease was mainly due to the residual impact of incidents leading to road blockages in the last quarter of 2014, which affected the ridership in the first two months of this year. Discounting this impact, KMB recorded a general growth in overall passenger ridership in the period under review.

- As at 30 June 2015, KMB operated a total of 395 routes (31 December 2014: 394 routes) covering Kowloon, the New Territories and Hong Kong Island. In addition, there were 129 Octopus Bus-bus Interchange ("BBI") schemes covering 283 bus routes, operating both within the KMB route network and on joint schemes run with other public transport operators. These BBI schemes not only provide fare discounts to passengers on the second leg of journeys and broaden KMB's network coverage without the need to operate extra buses, they also contribute towards a cleaner environment by improving bus utilisation and reducing traffic congestion on busy corridors.

- During the first half of 2015, substantial investments were made in new buses featuring the latest safety, wheelchair-accessible and environment-friendly design features, as 236 Euro V super-low floor double-deck buses were added to the KMB fleet. As at 30 June 2015, KMB operated a total of 3,826 buses (31 December 2014: 3,855 buses), comprising 3,655 double-deck and 171 single-deck buses, and had 699 new Euro V double-deck buses and eight supercapacitor 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 2015 was HK$29.4 million, representing an increase of HK$13.0 million compared with HK$16.4 million for the first half of 2014.

- Fare revenue for the first half of 2015 increased by 5.6% to HK$212.7 million as compared with HK$201.5 million for the corresponding period in 2014. This increase was mainly due to the growth in the average daily ridership of 6.0% over the corresponding period last year resulting from increased transport demand from international travellers and from construction workers involved in the various infrastructural and residential projects at the Airport and Tung Chung, but was partly offset by the implementation of a 3-month same-day return fare concession scheme which took effect on 31 January 2015. Total operating expenses for the period under review amounted to HK$181.9 million, a decrease of HK$1.4 million compared with HK$183.3 million for the corresponding period in 2014. The decrease was mainly due to the reduction in fuel costs resulting from lower international fuel prices but was largely offset by the increase in operating costs associated with the purchase of new buses and service enhancements, the annual pay rise, and the increase in other operating expenses due to inflation.

- As at 30 June 2015, LWB had 17 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 2015, LWB introduced 20 new Euro V super-low floor double-deck buses to its fleet to enhance the level of service on routes with increased demand. As at 30 June 2015, LWB operated 19 routes with a fleet of 184 super-low floor double-deck buses.

- As at 30 June 2015, LWB had 66 new Euro V double-deck buses awaiting licensing or on order.

Non-franchised Transport Operations

The Group's Non-franchised Transport Operations Division reported a profit after taxation of HK$22.8 million for the first half of 2015, representing an increase of 31.0% compared with HK$17.4 million for the corresponding period in 2014. 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, providing customised high quality premium and value-for-money transport services to specific market groups, including large housing estates, shopping malls, major employers, theme parks, travel agents and schools, as well as the general public through chartered hire services.

- Turnover of the SBH Group for the first half of 2015 increased by 5.4% compared with the corresponding period in 2014. The increase was mainly attributed to the business growth in respect of new and existing customers seeking premium services. Total operating expenses for the period under review increased mainly due to the increase in salaries and other operating expenses due to general inflation but was partially offset by the reduction in fuel costs as a result of the fall in international fuel prices.

- As at 30 June 2015, the SBH Group had a fleet of 386 licensed buses, the same number as at 31 December 2014. During the first half of 2015, 38 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) serving regular commuters and leisure travellers between Lau Ma Chau and Huanggang (皇崗) in Shenzhen. Although the competition from rail and public minibus services has intensified since the opening of the Lok Ma Chau Spur Line, the Lok Ma Chau Public Transport Interchange and the Hong Kong-Shenzhen Western Corridor, NHKB's total patronage for the first half of 2015 increased by 4.3% from 2.28 million passenger-trips (an average monthly ridership of 380,000 passenger-trips) for the corresponding period last year to 2.38 million passenger-trips (an average monthly ridership of 396,000 passenger-trips), due mainly to the increase in travellers between Hong Kong and China Mainland. As at 30 June 2015, NHKB had a fleet of 15 super-low floor single-deck buses, the same number as at 31 December 2014.

Property Holdings and Development

LCK Commercial Properties Limited ("LCKCP")

- LCKCP, a wholly-owned subsidiary of the Company, is the owner of Manhattan Mid-town shopping mall, a two-level retail podium at Manhattan Hill. Opened in March 2009, the shopping mall provides Manhattan Hill residents and other shoppers with upmarket retail facilities. As at 30 June 2015, the lettable area of the 50,000 square feet shopping mall was fully leased out to a mix of shops and restaurants, generating recurring income for the Group.

- As at 30 June 2015, the carrying value of the shopping mall (classified as investment property on the consolidated statement of financial position), which was stated at cost less accumulated depreciation and impairment losses, amounted to HK$87.5 million (31 December 2014: HK$89.7 million).

LCK Real Estate Limited ("LCKRE")

- LCKRE, a wholly-owned subsidiary of the Company, is the owner of the Group's 17-storey commercial office building situated at 9 Po Lun Street, Lai Chi Kok, Kowloon. The building, with a total gross floor area of about 156,700 square feet, is held by the Group for its own use and rental purposes. As at 30 June 2015, about 63.2% of the total gross floor area was used by the Group as headquarters. The remaining total gross floor area was set aside for the provision of shops, restaurants and car parking spaces for rental purposes, generating steady rental income for the Group.

- As at 30 June 2015, the building was stated on the consolidated statement of financial position at cost less accumulated depreciation in the amount of HK$29.9 million (31 December 2014: HK$30.6 million).

KT Real Estate Limited ("KTRE")

- KTRE, a wholly-owned subsidiary of the Company, together with Turbo Result Limited ("TRL"), a wholly-owned subsidiary of Sun Hung Kai Properties Limited ("SHKP"), are owners of the industrial site situated at Kwun Tong Inland Lot No. 240, No. 98 How Ming Street, Kowloon, Hong Kong (the "Kwun Tong Site") as tenants in common in equal shares. Sun Hung Kai Real Estate Agency Limited ("SHKRE"), a wholly-owned subsidiary of SHKP, has been appointed by KTRE and TRL as project manager for the management, supervision and control of the development of the Kwun Tong Site to ensure that the whole development meets the highest industry standards. SHKRE is currently handling matters relating to the modification of the lease and the submission of the building plan. The Group intends to hold the development for long-term investment purposes.

- As at 30 June 2015, the carrying value of the Kwun Tong Site (classified as investment property under development on the consolidated statement of financial position), which was stated at cost, amounted to HK$17.0 million (31 December 2014: HK$15.6 million).

TM Properties Investment Limited ("TMPI")

- TMPI, a wholly-owned subsidiary of the Company, is the owner of the industrial property located at 1 Kin Fung Circuit, Tuen Mun. Since March 2011, the entire lettable area of this property, consisting of a single-storey high ceiling structure and a three-storey workshop building with a total gross floor area of about 105,900 square feet, has been leased out to generate recurring rental income for the Group.

- As at 30 June 2015, the carrying value of the industrial property (classified under investment property on the consolidated statement of financial position), which was stated at cost less accumulated depreciation, amounted to HK$5.4 million (31 December 2014: HK$6.1 million).

Media Sales Business

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

- RoadShow was established by the Company as its media sales arm. The Company currently has a 73% interest in RoadShow, which has been separately listed on the Main Board of The Stock Exchange of Hong Kong Limited since 28 June 2001. The RoadShow Group is principally engaged in the provision of media sales and design services and production of advertisements for Multi-media On-board ("MMOB" or "Bus-TV"), transit vehicle exteriors ("Bus-Body") and interiors ("In-Bus"), online portal, mobile apps, shelters and outdoor signages advertising business. RoadShow is also engaged in the provision of integrated marketing services covering these advertising platforms.

- For the six months ended 30 June 2015, RoadShow reported a loss attributable to equity shareholders of HK$13.0 million (six months ended 30 June 2014: profit attributable to equity shareholders of HK$10.1 million).

- Further information regarding the RoadShow Group is available in its 2015 interim results announcement and interim report.

China Mainland Transport Operations

As at 30 June 2015, the Group's total interest in the businesses under the China Mainland Transport Operations Division amounted to HK$757.2 million (31 December 2014: HK$739.6 million). Such investments are mainly related to the operation of passenger transport services in Shenzhen, and taxi and car rental services in Beijing. For the first half of 2015, the Group's China Mainland Transport Operations Division reported an after-tax profit of HK$20.7 million, representing an increase of 7.3% compared with HK$19.3 million for the corresponding period in 2014.

Beijing Beiqi Kowloon Taxi Company Limited（北京北汽九龍出租汽車股份有限公司）("BBKT")

- BBKT, a Sino-foreign joint stock company, was established in Beijing in 2003. The Group has invested RMB80.0 million (equivalent to HK$75.5 million at the investment date) in BBKT, representing an equity interest of 31.38%. Until April 2013, BBKT operated both taxi hire and car rental businesses in Beijing. To provide greater focus in the exploration of business opportunities in the booming but competitive car rental market, the car rental business of BBKT has been transferred to another Sino-foreign joint stock company, namely Beijing Beiqi First Company Limited（北京北汽福斯特股份有限公司）. BBKT had a fleet of about 3,700 taxis as at 30 June 2015 and recorded a profit in the first half of 2015.

Beijing Beiqi First Company Limited（北京北汽福斯特股份有限公司）("BBF")

- BBF is a Sino-foreign joint stock company, which was established in April 2013 with the same shareholding structure as BBKT to carry on the car rental business formerly operated by BBKT. BBF had 1,189 vehicles available for hire as at 30 June 2015 and recorded a profit in the first half of 2015.

Shenzhen Bus Group Company Limited（深圳巴士集團股份有限公司）("SBG")

- SBG, which commenced operations in 2005, is a Sino-foreign joint stock company formed by a wholly-owned subsidiary of the Company and four other Mainland investors. The Group has invested RMB387.1 million (equivalent to HK$363.9 million at the investment date) in SBG, representing a stake of 35%. SBG mainly provides public bus and taxi services in Shenzhen City. At 30 June 2015, it had 1,380 taxis (including 850 electric taxis which are operated by an associate) and 5,294 buses serving some 270 routes. SBG made steady progress and recorded a profit in the first half of 2015.

FINANCIAL POSITION

Property, plant and equipment, investment properties, interest in leasehold land and capital expenditure

The Group's property, plant and equipment mainly comprise buildings, buses and other motor vehicles, buses under construction and tools and other equipment. As at 30 June 2015, none of the Group's property, plant and equipment, investment properties and interest in leasehold land was pledged or charged. During the first half of 2015, the Group incurred capital expenditure of HK$937.5 million (six months ended 30 June 2014: HK$334.4 million), which was mainly used for the purchase of new buses for the Group's franchised public bus operations.

FUNDING AND FINANCING

Liquidity and financial resources

The Group closely monitors its liquidity requirement and financial resources to ensure that cash inflows from operating activities together with the Group's reserves of cash and liquid assets and undrawn committed banking facilities are sufficient to meet the requirements for daily operational needs, loan repayments, capital expenditure as well as potential business expansion and development. The Group's operations are mainly financed by shareholders' funds and bank loans.

As at 30 June 2015, the Group was in a net cash position (i.e. cash and deposits at banks less total borrowings) of HK$1,794.7 million (31 December 2014: HK$2,159.0 million). The details of the Group's net cash by currency are set out below:

Currency	**Cash and deposits at bank in foreign currency million**	**Cash and deposits at bank HK$ million**	**Bank loans HK$ million**	**Net cash HK$ million**
At 30 June 2015				
Hong Kong dollars		**1,049.1**	**(639.7)**	**409.4**
Renminbi	**992.4**	**1,239.3**	**—**	**1,239.3**
United States dollars	**15.8**	**123.1**	**—**	**123.1**
British Pounds Sterling	**1.0**	**12.0**	**—**	**12.0**
Other currencies		**10.9**	**—**	**10.9**
Total		**2,434.4**	**(639.7)**	**1,794.7**
At 31 December 2014				
Hong Kong dollars		1,233.0	(544.5)	688.5
Renminbi	1,020.0	1,271.6	—	1,271.6
United States dollars	19.3	150.4	—	150.4
British Pounds Sterling	3.1	37.8	—	37.8
Other currencies		10.7	—	10.7
Total		2,703.5	(544.5)	2,159.0

As at 30 June 2015, bank loans, all unsecured, amounted to HK$639.7 million (31 December 2014: HK$544.5 million). The maturity profile of the bank loans of the Group is set out below:

	At 30 June 2015 HK$ million	At 31 December 2014 HK$ million
Within 1 year or on demand	**639.7**	—
After 1 year but within 2 years	**—**	544.5
Total	**639.7**	544.5

As at 30 June 2015, the Group had undrawn banking facilities totalling HK$1,400.0 million (31 December 2014: HK$295.0 million), of which HK$1,390.0 million (31 December 2014: HK$285.0 million) was of a committed nature.

The finance costs incurred by the Group for the six months ended 30 June 2015 were HK$2.9 million (six months ended 30 June 2014: HK$2.7 million). The average interest rate in respect of the Group's borrowings for the period under review was 1.00% per annum, same as the corresponding period in 2014.

As at 30 June 2015, the Group's cash and deposits at banks (mainly denominated in Hong Kong dollars, United States dollars and Renminbi) amounted to HK$2,434.4 million (31 December 2014: HK$2,703.5 million).

FUNDING AND TREASURY POLICIES

In general, the Group's major operating companies arrange their own financing to meet their operational and investment needs. The Group's other subsidiaries are mainly financed from the capital base of their parent company. The management regularly reviews the Group's funding policy to ensure that cost-efficient and flexible funding is available to meet the unique operating environment of each subsidiary.

The impact of fuel price movements on the results of the Group's core franchised public bus operations can be significant. Although exposure to fluctuations in the fuel price might be managed by the use of fuel derivatives, the Group has carefully evaluated the pros and cons of entering into fuel price hedging arrangements and concluded that fuel price hedging would be equally as risky as not hedging, and would not necessarily result in a better financial position for the Group in the long term. Therefore the Group had not entered into any fuel oil swap contract during the period under review. To mitigate the impact of fuel price fluctuations, the Group's two major subsidiaries, KMB and LWB, have identified ways to conserve fuel consumption, such as collaborating with bus manufacturers to produce new generation buses with reduced weight, introducing battery-powered electric buses and conducting eco-driving training for our bus captains. Furthermore, we have also worked with the HKSAR Government on other measures, including but not limited to the reorganisation of bus services on an area approach basis. Management will continue to closely monitor the fuel price movements and constantly review its strategy on fuel price risk management.

The Group is exposed to currency risk primarily through purchases of new buses and motor vehicle components from overseas, which are denominated in British Pounds Sterling (GBP), as well as through placement of foreign currency deposits for yield enhancement purposes. The currencies giving rise to the risk are primarily GBP and Renminbi. For exposure in GBP, the Group's treasury team will enter into forward foreign exchange contracts in a strategic manner when appropriate. As to the Renminbi deposits, they are mainly placed for yield enhancement purposes due to the favourable interest yield differentials between the Renminbi and the Hong Kong dollars. The Group fully recognises that there is currency risk involved, and in light of the recent reform of the Renminbi exchange rate mechanism to better reflect the market development, the Group will closely monitor and actively manage the currency risk involved.

The Group manages its exposure to interest rate risk in a prudent manner with different techniques and instruments, including natural hedges achieved by spreading loans over different rollover periods and maturity dates. Derivative financial instruments such as interest rate swaps are used when appropriate. As at 30 June 2015, all of the Group's borrowings were denominated in Hong Kong dollars and on a floating interest rate basis. This strategy enabled the Group to take full advantage of the continuous low interest rate environment in the period under review. The Group regularly reviews its strategy on interest rate risk management in light of the prevailing market conditions.

The Group has not been exposed to significant cash flow and liquidity risks as it has maintained an adequate level of cash reserves. The Group closely monitors its liquidity and financial resources by preparing and reviewing a rolling 12-month cash flow projection on a monthly basis to ensure that there are sufficient cash balances and undrawn committed banking facilities to meet the demand for daily operational needs, debt repayments, dividend payments, capital expenditure and new investments, as well as potential business expansion and development. The Group reviews its strategy from time to time to ensure that cost-efficient funding is available to cater for the unique operating environment of each subsidiary. Under normal circumstances and barring an unforeseen 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, will also be low as its revenue is essentially received on a cash basis. However, if fuel prices rebound sharply to a high level and KMB is not able to adjust its fares in a timely manner to counter rising operating costs, this will place financial pressure on KMB's daily operations.

CAPITAL COMMITMENTS

As at 30 June 2015, the Group's capital commitments outstanding and not provided for in the interim financial report amounted to HK$3,588.9 million (31 December 2014: HK$3,572.2 million). These commitments were mainly in respect of the development of the Kwun Tong Site and the purchase of buses and other property, plant and equipment, which are to be financed by borrowing and the working capital of the Group.

EMPLOYEES AND REMUNERATION POLICIES

Transport operations are labour intensive and staff costs accounted for more than 53% of the total operating costs of the Group for the period under review. The Group closely monitors and aligns its headcount and staff remuneration against productivity and market trends. As at 30 June 2015, the Group employed 13,525 employees (31 December 2014: 13,449 employees). During the period under review, the Group's total remuneration amounted to HK$1,871.8 million (first half of 2014: HK$1,758.8 million). Employee compensation, including salaries, retirement and medical benefits, is determined based on the principles of performance, fairness, transparency and market competitiveness.

OUTLOOK

Franchised Public Bus Operations

Despite the positive financial performance of KMB in the first half of 2015, the sustainability of such profitability in the longer term depends to a considerable extent on international fuel price movements going forward. KMB still faces a number of important challenges in the years ahead. These include escalating operating costs due to inflation, for example the pay rise of 4.6% recently granted to staff, and the likely required increase in the number of frontline staff for continued service enhancement. The recent extension of the coverage of the Public Transport Fare Concession Scheme for Senior Citizens and Eligible Persons with Disabilities to green Public Light Buses and the opening of the West Island Line in late 2014 have also had a significant negative impact on KMB's ridership. It is expected that the expansion of the rail network in the next five years, in particular, the imminent opening of the South Island Line and the extension of the Kwun Tong Line to Whampoa in 2016, will have negative impact on KMB's patronage in the areas concerned.

Our response to these challenges is to seek to enhance our bus services and route network. To this end, KMB continuously makes substantial investment in new environment-friendly buses. At the end of June 2015, KMB had on order a total of 699 Euro V super-low floor double-deck buses amounting to approximately HK$1.9 billion awaiting licensing or delivery in the second half of 2015 and 2016. Besides purchasing new buses and improving our bus-bus interchange facilities, KMB continually innovates to improve our customer service. For instance, KMB has provided Estimated Time of Arrival ("ETA") information through the smartphone app and the KMB website since December 2014 in phases. As at 30 June 2015, the ETA service covers 246 KMB routes, and is expected to cover almost all KMB routes by the end of 2015. KMB would then become the first bus company in Hong Kong to provide the ETA service across the entire fleet.

KMB will continue to seek to align its bus network with the ongoing developments in the external environment, in particular, new roads and railways, and population shifts. With the support of the HKSAR Government, large-scale route reorganisation exercises have been successfully implemented in 2014 and 2015. In particular, with the opening of the Tsing Sha Highway Bus Interchange in early 2015, we expect that passengers will gradually shift from trunk roads using the Lion Rock Tunnel and the Shing Mun Tunnel, which will help relieve traffic congestion at peak periods. While we continue to spare no effort in pursuing route development in the existing network, we also aim to provide bus services to new development areas such as Shui Chuen O, Kai Tak, Anderson Road Development Area and Hung Shui Kiu. Our focus will continue to be on exploration of areas with high passenger demand for the introduction of new services, enhancement of service on routes where there is visible ridership growth, development of BBI schemes at existing BBI hubs, and monitoring of new population intakes within our catchment area.

LWB's potential for business growth is positive given the increase in commercial activities at the Airport, the growth of tourism, the gradual intake of population in Tung Chung and the construction of infrastructure projects in North Lantau. LWB will continue to enhance the attractiveness of the service provided by the comprehensive Airbus network to cater for passengers' aspirations for fast and direct premium services to the Airport. In order to strengthen customer service and to maintain and attract a wider customer base within its service areas, LWB has made substantial investment in its bus fleet. At the end of June 2015, LWB had on order a total of 66 Euro V super-low floor double-deck buses which will be licensed or delivered in the second half of 2015 and 2016. With the opening of the Hong Kong – Zhuhai – Macao Bridge and the Tuen Mun – Chek Lap Kok Link in the next few years, LWB is well positioned to take advantage of opportunities that may arise.

Non-franchised Businesses

The Group's non-franchised transport businesses recorded healthy growth in the first half of 2015. We will continue to enhance the quality of our coach service by buying the latest environment-friendly buses available on the market and to explore further business growth opportunities.

The Kwun Tong Site at No. 98 How Ming Street, Kwun Tong, Kowloon, in which the Group has a 50% stake, is planned for development into non-residential (excluding hotel) uses. Once completed, it will be held by the Group for long-term investment purposes. While it will take some time to finalise matters relating to the modification of the lease, we will look for opportunities to use the site to generate additional income for the Group. The Group's Manhattan Mid-town shopping mall and the shops in our headquarters building in Lai Chi Kok, together with the industrial property at 1 Kin Fung Circuit, Tuen Mun, will continue to generate recurring rental income for the Group.

By Order of the Board

Norman LEUNG Nai Pang
Chairman

Hong Kong, 19 August 2015

SUPPLEMENTARY INFORMATION

CHANGES IN DIRECTORS' BIOGRAPHICAL DETAILS

The changes in Directors' biographical details since the date of the 2014 Annual Report of the Company which are required to be disclosed pursuant to Rule 13.51B(1) of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") are set out below:

Professor LIU Pak Wai* SBS, JP
Professor Liu is an independent director of China Zheshang Bank Company Limited.

Allen FUNG Yuk Lun^ BA, Ph.D.
Mr Fung is a Council member of Sir Edward Youde Memorial Fund.

Roger LEE Chak Cheong BSc, MSc, MICE, CEng
Mr Lee resigned as a director of Park Island Transport Company Limited and Wilson Group Limited with effect from 1 January 2015.

(Independent Non-executive Director)*
(^ Non-executive Director)

Other than the information disclosed above, there is no other information that is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

The Directors of the Company who held office as at 30 June 2015 had the following interests in the shares of the Company, subsidiaries and other associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) at that date as recorded in the register of Directors' and chief executives' interests and short positions required to be kept under Section 352 of the SFO:

I. Interests in Issued Shares

(a) *The Company*

	Ordinary shares of HK$1 each					
	Personal interests	Family interests	Corporate interests	Trustee interests	Total number of shares held	Percentage of total issued shares
Dr Norman LEUNG Nai Pang*	—	—	—	—	—	—
Dr John CHAN Cho Chak*	2,000	—	—	—	2,000	—
Raymond KWOK Ping Luen	393,350	—	—	—	393,350	0.097%
NG Siu Chan	—	21,000,609	—	—	21,000,609	5.203%
William LOUEY Lai Kuen	6,251,416	—	—	—	6,251,416	1.549%
Charles LUI Chung Yuen	12,427	—	—	2,651,750 *(Note 1)*	2,664,177	0.660%
Winnie NG (Director and Alternate Director to Mr NG Siu Chan)	41,416	—	—	21,000,609 *(Note 2)*	21,042,025	5.213%
Dr Eric LI Ka Cheung*	—	—	—	—	—	—
Edmond HO Tat Man	—	—	—	—	—	—
Gordon SIU Kwing Chue*	—	—	—	—	—	—
John Anthony MILLER	—	—	—	—	—	—
Evan AU YANG Chi Chun	—	—	—	—	—	—
Professor LIU Pak Wai*	—	—	—	—	—	—
Allen FUNG Yuk Lun	—	—	—	—	—	—
Roger LEE Chak Cheong	—	—	—	—	—	—
Godwin SO Wai Kei (Alternate Director to Mr Raymond KWOK Ping Luen)	—	—	—	—	—	—

(Independent Non-executive Director)*

Notes:

1. Mr Charles Lui Chung Yuen and members of his family together had interests in certain private trusts which beneficially held 2,651,750 shares in the Company.

2. Ms Winnie Ng had an interest in 21,000,609 shares in the Company as a beneficiary in certain private trusts which beneficially held the aforesaid block of shares.

(b) RoadShow Holdings Limited ("RoadShow"), a subsidiary of the Company

	Ordinary shares of HK$0.10 each					
	Personal interests	Family interests	Corporate interests	Trustee interests	Total number of shares held	Percentage of total issued shares
Dr Norman LEUNG Nai Pang*	—	—	—	—	—	—
Dr John CHAN Cho Chak*	—	—	—	—	—	—
Raymond KWOK Ping Luen	37,400 *(Note 1)*	—	—	—	37,400	0.004%
NG Siu Chan	—	123,743	—	—	123,743	0.012%
William LOUEY Lai Kuen	412,371	—	—	—	412,371	0.041%
Charles LUI Chung Yuen	—	—	—	209,131 *(Note 2)*	209,131	0.021%
Winnie NG (Director and Alternate Director to Mr NG Siu Chan)	1,000,000	—	—	123,743 *(Note 3)*	1,123,743	0.113%
Dr Eric LI Ka Cheung*	—	—	—	—	—	—
Edmond HO Tat Man	—	—	—	—	—	—
Gordon SIU Kwing Chue*	—	—	—	—	—	—
John Anthony MILLER	—	—	—	—	—	—
Evan AU YANG Chi Chun	—	—	—	—	—	—
Professor LIU Pak Wai*	—	—	—	—	—	—
Allen FUNG Yuk Lun	—	—	—	—	—	—
Roger LEE Chak Cheong	—	—	—	—	—	—
Godwin SO Wai Kei (Alternate Director to Mr Raymond KWOK Ping Luen)	—	—	—	—	—	—

(Independent Non-executive Director)*

Notes:

1. Mr Raymond Kwok Ping Luen held 37,400 shares in RoadShow jointly with his spouse.

2. Mr Charles Lui Chung Yuen and members of his family together had interests in certain private trusts which beneficially held 209,131 shares in RoadShow.

3. Ms Winnie Ng had an interest in 123,743 shares in RoadShow as a beneficiary in certain private trusts which beneficially held the aforesaid block of shares.

As at 30 June 2015, none of the Directors had any non-beneficial interest in the share capital of the Company.

II. Interests in Underlying Shares

Apart from the foregoing, none of the Directors or any of their spouses or children under eighteen years of age has interests or short positions in the shares, underlying shares or debentures of the Company or any of its subsidiaries or other associated corporations, as recorded in the register of directors' interests and short positions required to be kept under Section 352 of the SFO or as otherwise notified to the Company pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

DIRECTORS' INTERESTS IN CONTRACTS

As disclosed in note 17 to the interim financial report, certain subsidiaries of the Group entered into transactions with certain subsidiaries of a shareholder, Sun Hung Kai Properties Limited ("SHKP"). In addition, on 26 May 2015, the Group entered into a contract with Sun Hung Kai Properties Insurance Limited ("SHKPI"), a subsidiary of SHKP, pursuant to which SHKPI will provide insurance coverage and services to the Group for the period from 1 July 2015 to 31 December 2016. Mr Raymond Kwok Ping Luen is a director of SHKP and is materially interested in these transactions by virtue of his deemed interest under Part XV of the Securities and Futures Ordinance in more than 5% of the issued shares of SHKP.

Save as disclosed above, no contract of significance to which the Company, its subsidiaries or fellow subsidiaries were a party and in which a Director of the Company had a material interest, subsisted at 30 June 2015 or at any time during the six months ended 30 June 2015.

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

As at 30 June 2015, the interests or short positions of the persons, other than Directors and the chief executive of the Company, being 5% or more in the interest in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to Divisions 2 and 3 of Part XV of the SFO and required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO, were as follows:

	Ordinary shares of HK$1 each			
	Registered shareholders	**Corporate interests**	**Total number of shares held**	**Percentage of total issued shares**
Sun Hung Kai Properties Limited *(Notes 1 and 2)*	—	133,271,012	133,271,012	33.0%
Arklake Limited *(Note 1)*	68,600,352	—	68,600,352	17.0%
HSBC International Trustee Limited	35,837,445	—	35,837,445	8.9%
Kwong Tai Holdings (PTC) Limited *(Note 3)*	21,000,609	—	21,000,609	5.2%

Notes:

1. The interest disclosed by Sun Hung Kai Properties Limited ("SHKP") includes the 68,600,352 shares disclosed by Arklake Limited.

2. Under The Code on Takeovers and Mergers (the "Takeovers Code"), a person will be subject to mandatory offer obligations if such person acquires, whether by a series of transactions over a period of time or not, 30% or more of the voting rights of a company. Such threshold was reduced from 35% to 30% with effect from 19 October 2001. However, transitional provisions apply where a person, or two or more persons acting in concert, holds 30% or more of the voting rights of a company but less than 35% of such voting rights immediately prior to 19 October 2001. For so long as such holding remains in this range and until 10 years after that date, the Takeovers Code shall be interpreted and applied as if the 30% trigger in Rule 26.1(a) and (b) of the Takeovers Code was 35% for such person or persons and such person or persons are not subject to the 2% creeper under Rule 26.1(c) and (d) of the Takeovers Code. In this regard, SHKP held 30% or more of the voting rights of the Company but less than 35% of such voting rights immediately prior to 19 October 2001, and the above transitional provisions apply to SHKP for so long as its holding remains within the range of 30% and 35% for a period of 10 years after 19 October 2001. With effect from 19 October 2011, the above transitional provisions expired and SHKP is subject to the 2% creeper under Rules 26.1(c) and (d) of the Takeovers Code.

3. The interest disclosed by Kwong Tai Holdings (PTC) Limited includes 21,000,609 shares disclosed by Mr Ng Siu Chan and Ms Winnie Ng, both of whom are Directors of the Company.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the six months ended 30 June 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's own shares.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the code of conduct regarding securities transactions by Directors as set out in Appendix 10 to the Listing Rules during the interim period under review, and, following specific enquiry by the Company, it is noted that all Directors have complied with the required standard of dealings set out therein.

CORPORATE GOVERNANCE

The Company has complied with the applicable code provisions in the Corporate Governance Code set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2015, except that one of the Non-executive Directors of the Company, Mr Raymond Kwok Ping Luen, was unable to attend the Annual General Meeting of the Company held on 21 May 2015 as provided for in code provision A.6.7 due to another engagement.

REVIEW OF INTERIM FINANCIAL REPORT

The interim financial report for the six months ended 30 June 2015 is unaudited, but has been reviewed in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the Hong Kong Institute of Certified Public Accountants, by the Company's external auditors, KPMG, whose review report is set out on page 35 of this interim report.

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 2015.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2015 – UNAUDITED

(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June	
		2015	2014
		$'million	$'million
Revenue	3 & 4	**3,807.5**	3,707.7
Other net income	5	**72.6**	49.4
Staff costs	6(b)	**(1,871.8)**	(1,758.8)
Depreciation and amortisation		**(424.1)**	(382.5)
Fuel and oil		**(430.7)**	(707.1)
Spare parts and stores		**(119.7)**	(135.8)
Toll charges		**(203.5)**	(198.4)
Other operating expenses		**(454.8)**	(403.4)
Profit from operations		**375.5**	171.1
Finance costs	6(a)	**(2.9)**	(2.7)
Share of profits of associates		**20.7**	19.3
Profit before taxation	6	**393.3**	187.7
Income tax	7	**(64.3)**	(31.4)
Profit for the period		**329.0**	156.3
Attributable to:			
Equity shareholders of the Company		**330.1**	151.2
Non-controlling interests		**(1.1)**	5.1
Profit for the period		**329.0**	156.3
Earnings per share:	8		
Basic and diluted		**$0.82**	$0.37

The notes on pages 24 to 34 form part of this interim financial report. Details of dividends paid and payable to equity shareholders of the Company are set out in note 9.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2015 – UNAUDITED

(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2015	2014
	$'million	$'million
Profit for the period	**329.0**	156.3
Other comprehensive income for the period (after tax):		
Items that may be reclassified subsequently to profit or loss:		
— exchange differences on translation of financial statements of entities outside Hong Kong	**1.2**	(16.3)
— available-for-sale debt securities: net movement in fair value reserve, net of $Nil tax:		
— changes in fair value recognised during the period	**(0.1)**	(1.4)
— reclassification adjustments for amounts transferred to consolidated statement of profit or loss: other net income	**0.1**	(1.5)
Other comprehensive income for the period	**1.2**	(19.2)
Total comprehensive income for the period	**330.2**	137.1
Attributable to:		
Equity shareholders of the Company	**331.3**	132.0
Non-controlling interests	**(1.1)**	5.1
Total comprehensive income for the period	**330.2**	137.1

The notes on pages 24 to 34 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2015 – UNAUDITED

(Expressed in Hong Kong dollars)

	Note	**At 30 June 2015 $'million**	At 31 December 2014 $'million
Non-current assets			
Investment properties		**109.2**	108.9
Investment property under development		**17.0**	15.6
Interest in leasehold land		**65.4**	65.4
Property, plant and equipment	10	**5,138.8**	4,627.3
		5,330.4	4,817.2
Intangible assets		**135.4**	134.6
Goodwill		**84.1**	84.1
Non-current prepayments		**7.5**	7.3
Interest in associates		**757.2**	739.6
Other financial assets	11	**114.0**	183.3
Employee benefit assets		**812.9**	860.7
Deferred tax assets		**7.3**	4.7
		7,248.8	6,831.5
Current assets			
Spare parts and stores		**62.4**	62.3
Accounts receivable	12	**508.5**	518.6
Other financial assets	11	**75.9**	42.9
Deposits and prepayments		**59.0**	27.9
Current tax recoverable		**12.0**	15.6
Pledged and restricted bank deposits		**85.1**	68.2
Cash and cash equivalents	13	**2,349.3**	2,635.3
		3,152.2	3,370.8
Current liabilities			
Bank loans		**639.7**	—
Accounts payable and accruals	14	**1,141.0**	1,100.5
Contingency provision — insurance		**155.9**	155.8
Current tax payable		**9.2**	2.3
		1,945.8	1,258.6
Net current assets		**1,206.4**	2,112.2
Total assets less current liabilities		**8,455.2**	8,943.7

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2015 – UNAUDITED *(continued)*

(Expressed in Hong Kong dollars)

	Note	**At 30 June 2015 $'million**	At 31 December 2014 $'million
Non-current liabilities			
Bank loans		**—**	544.5
Deferred tax liabilities		**775.3**	719.2
Contingency provision — insurance		**274.1**	274.3
Employee benefit liabilities		**6.6**	6.2
Provision for long service payments		**10.8**	12.4
		1,066.8	1,556.6
Net assets		**7,388.4**	7,387.1
Capital and reserves			
Share capital		**403.6**	403.6
Reserves		**6,822.2**	6,793.6
Total equity attributable to equity shareholders of the Company		**7,225.8**	7,197.2
Non-controlling interests		**162.6**	189.9
Total equity		**7,388.4**	7,387.1

Approved and authorised for issue by the Board of Directors on 19 August 2015

Norman LEUNG Nai Pang
Chairman

Roger LEE Chak Cheong
Managing Director

The notes on pages 24 to 34 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2015 – UNAUDITED

(Expressed in Hong Kong dollars)

		Attributable to equity shareholders of the Company							
	Note	Share capital $'million	Other reserves $'million	Exchange reserve $'million	Fair value reserve $'million	Retained profits $'million	Total $'million	Non-controlling interests $'million	Total equity $'million
Balance at 1 January 2014		403.6	1,102.6	184.7	8.4	5,408.8	7,108.1	192.6	7,300.7
Changes in equity for the six months ended 30 June 2014:									
Profit for the period		—	—	—	—	151.2	151.2	5.1	156.3
Other comprehensive income		—	—	(16.3)	(2.9)	—	(19.2)	—	(19.2)
Total comprehensive income for the period		—	—	(16.3)	(2.9)	151.2	132.0	5.1	137.1
Dividends approved in respect of the previous year	9(b)	—	—	—	—	(181.6)	(181.6)	—	(181.6)
Dividends paid to non-controlling interests		—	—	—	—	—	—	(26.6)	(26.6)
		—	—	—	—	(181.6)	(181.6)	(26.6)	(208.2)
Balance at 30 June 2014 and 1 July 2014		403.6	1,102.6	168.4	5.5	5,378.4	7,058.5	171.1	7,229.6
Changes in equity for the six months ended 31 December 2014:									
Profit for the period		—	—	—	—	263.9	263.9	18.8	282.7
Other comprehensive income		—	—	(1.7)	(3.2)	(59.8)	(64.7)	—	(64.7)
Total comprehensive income for the period		—	—	(1.7)	(3.2)	204.1	199.2	18.8	218.0
Dividends approved in respect of the current period	9(a)	—	—	—	—	(60.5)	(60.5)	—	(60.5)
Balance at 31 December 2014 and 1 January 2015		**403.6**	**1,102.6**	**166.7**	**2.3**	**5,522.0**	**7,197.2**	**189.9**	**7,387.1**
Changes in equity for the six months ended 30 June 2015:									
Profit/(loss) for the period		**—**	**—**	**—**	**—**	**330.1**	**330.1**	**(1.1)**	**329.0**
Other comprehensive income		**—**	**—**	**1.2**	**—**	**—**	**1.2**	**—**	**1.2**
Total comprehensive income for the period		**—**	**—**	**1.2**	**—**	**330.1**	**331.3**	**(1.1)**	**330.2**
Dividends approved in respect of the previous year	9(b)	**—**	**—**	**—**	**—**	**(302.7)**	**(302.7)**	**—**	**(302.7)**
Dividends paid to non-controlling interests		**—**	**—**	**—**	**—**	**—**	**—**	**(26.2)**	**(26.2)**
		—	**—**	**—**	**—**	**(302.7)**	**(302.7)**	**(26.2)**	**(328.9)**
Balance at 30 June 2015		**403.6**	**1,102.6**	**167.9**	**2.3**	**5,549.4**	**7,225.8**	**162.6**	**7,388.4**

The notes on pages 24 to 34 form part of this interim financial report.

載通國際
Transport International

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2015 – UNAUDITED

(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June 2015 $'million	Six months ended 30 June 2014 $'million
Cash generated from operations		**775.6**	467.2
Tax refunded/(paid)			
— Hong Kong Profits Tax		**0.5**	—
— Income tax in the People's Republic of China (the "PRC")		**(0.5)**	(0.4)
— PRC withholding tax		**(0.3)**	(1.6)
Net cash generated from operating activities		**775.3**	465.2
Investing activities			
Increase in pledged and restricted bank deposits		**(16.9)**	(5.9)
Decrease in bank deposits with original maturities of over three months		**744.7**	280.2
Payment for the purchase of investment properties		**(0.8)**	(0.2)
Payment for the purchase of investment property under development		**(1.5)**	(0.2)
Payment for the purchase of property, plant and equipment		**(856.2)**	(500.0)
Payment for the purchase of intangible assets		**(1.2)**	—
Proceeds on maturity of available-for-sale debt securities		**34.9**	174.5
Proceeds from disposal of property, plant and equipment		**8.3**	4.3
Repayment of loan from investee		**—**	25.6
Dividends received from associates		**4.5**	—
Dividends received from unlisted equity securities		**—**	4.3
Net cash used in investing activities		**(84.2)**	(17.4)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2015 – UNAUDITED *(continued)*

(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June	
		2015 $'million	2014 $'million
Financing activities			
Proceeds from new bank loans		**1,070.0**	435.0
Repayment of bank loans		**(975.0)**	(565.0)
Dividends paid to equity shareholders of the Company		**(302.7)**	(181.6)
Dividends paid to non-controlling interests		**(26.2)**	(26.6)
Net cash used in financing activities		**(233.9)**	(338.2)
Net increase in cash and cash equivalents		**457.2**	109.6
Cash and cash equivalents at 1 January		**1,389.5**	943.1
Effect of foreign exchange rate changes		**1.5**	(27.7)
Cash and cash equivalents at 30 June		**1,848.2**	1,025.0
Analysis of cash and cash equivalents:			
Cash and cash equivalents in the consolidated statement of financial position	13	**2,349.3**	2,364.8
Less: bank deposits with original maturities of over three months		**(501.1)**	(1,339.8)
Cash and cash equivalents in the condensed consolidated cash flow statement		**1,848.2**	1,025.0

The notes on pages 24 to 34 form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars)

1 Basis of preparation

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issue on 19 August 2015.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the Group's 2014 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2015 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2014 annual financial statements. The condensed consolidated interim financial statements and notes thereto do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA.

This interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG's independent review report to the Board of Directors is included on page 35. This interim financial report has also been reviewed by the Audit Committee of the Company.

The financial information relating to the financial year ended 31 December 2014 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. The Company's auditor has reported on those financial statements. The auditor's report was unqualified and did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report.

2 Changes in accounting policies

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group:

— *Annual Improvements to HKFRSs 2010-2012 Cycle*

— *Annual Improvements to HKFRSs 2011-2013 Cycle*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 Segment reporting

The Group manages its business by business lines. In a manner consistent with the way in which information is reported internally to the Group's chief operating decision maker ("CODM") for the purposes of resources allocation and performance assessment, the Group has presented the following two reportable segments:

Franchised bus operation : The provision of franchised public transport services in Hong Kong.

Media sales business : The provision of audio-video programming through a multi-media on-board system and marketing of advertising spaces on transit vehicles, shelters and outdoor signages.

Other operating segments which do not meet the quantitative thresholds prescribed by HKFRS 8, *Operating segments*, 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 interest in associates.

(a) Segment results

Information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resources allocation and assessment of segment performance for the period is set out below:

	Franchised bus operation Six months ended 30 June		Media sales business Six months ended 30 June		All other segments Six months ended 30 June		Total Six months ended 30 June	
	2015 $'million	2014 $'million	**2015 $'million**	2014 $'million	**2015 $'million**	2014 $'million	**2015 $'million**	2014 $'million
Revenue from external customers	**3,416.0**	3,307.9	**198.1**	219.7	**193.4**	180.1	**3,807.5**	3,707.7
Inter-segment revenue	**73.0**	56.4	**—**	—	**35.8**	23.7	**108.8**	80.1
Reportable segment revenue	**3,489.0**	3,364.3	**198.1**	219.7	**229.2**	203.8	**3,916.3**	3,787.8
Reportable segment profit/(loss)	**267.2**	84.1	**(11.8)**	12.5	**39.3**	46.9	**294.7**	143.5

Revenue and expenses are allocated to the reportable segments with reference to the revenue generated and expenses incurred by those segments. The measure used for reporting segment profit is net profit after taxation, adjusted for head office or corporate administration costs which are not specifically attributable to individual segments. Inter-segment revenue is priced with reference to prices charged to external parties for similar transactions.

3 Segment reporting *(continued)*

(b) Reconciliation of reportable segment revenue and profit

	Six months ended 30 June	
	2015 **$'million**	2014 $'million
Revenue		
Reportable segment revenue	**3,687.1**	3,584.0
Revenue from all other segments	**229.2**	203.8
Elimination of inter-segment revenue	**(108.8)**	(80.1)
Consolidated revenue	**3,807.5**	3,707.7
Profit		
Reportable segment profit	**255.4**	96.6
Profit from all other segments	**39.3**	46.9
Unallocated profits	**34.3**	12.8
Consolidated profit for the period	**329.0**	156.3

4 Revenue

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

	Six months ended 30 June	
	2015 **$'million**	2014 $'million
Fare revenue from franchised public bus services	**3,412.1**	3,304.5
Revenue from non-franchised transport services	**175.6**	165.2
Media sales revenue	**201.5**	222.3
Gross rentals from investment properties	**18.3**	15.7
	3,807.5	3,707.7

5 Other net income

	Six months ended 30 June	
	2015	2014
	$'million	$'million
Interest income on other financial assets not at fair value through profit or loss	**34.3**	35.7
Dividend income from unlisted equity securities	**—**	4.3
Claims received	**16.8**	18.0
Net miscellaneous business receipts	**4.2**	4.8
Net gain on disposal of property, plant and equipment	**6.8**	4.3
Net foreign exchange gain/(loss)	**2.0**	(36.6)
Sundry revenue	**8.5**	18.9
	72.6	49.4

6 Profit before taxation

Profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2015	2014
	$'million	$'million
(a) Finance costs		
Interest on bank loans not at fair value through profit or loss	**2.9**	2.7
(b) Staff costs		
Defined benefit retirement plan expense	**48.2**	45.8
Contributions to defined contribution retirement plans	**52.9**	46.3
Movements in provision for long service payments	**—**	0.3
Salaries, wages and other benefits	**1,770.7**	1,666.4
	1,871.8	1,758.8

7 Income tax

	Six months ended 30 June	
	2015	2014
	$'million	$'million
Current tax — Hong Kong Profits Tax		
Provision for the period	**11.1**	11.5
PRC withholding tax	**(0.3)**	1.6
	10.8	13.1
Deferred tax		
Origination and reversal of temporary differences	**53.5**	18.3
	64.3	31.4

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 2015 (six months ended 30 June 2014: 16.5%). Taxation for subsidiaries in the PRC is charged at the appropriate current rates of taxation ruling in the PRC.

8 Earnings per share

(a) *Basic earnings per share*

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of $330.1 million (six months ended 30 June 2014: $151.2 million) and 403.6 million (six months ended 30 June 2014: 403.6 million) shares in issue during the periods presented.

(b) *Diluted earnings per share*

There were no dilutive potential ordinary shares during the periods presented and diluted earnings per share are the same as basic earnings per share.

9 Dividends

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

	Six months ended 30 June			
	2015		2014	
	Per share		Per share	
	$	**$'million**	$	$'million
Interim dividend declared after the interim period end	**0.30**	**121.1**	0.15	60.5

The interim dividend declared after the end of the reporting period has not been recognised as liability at the end of the reporting period.

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

	Six months ended 30 June			
	2015		2014	
	Per share		Per share	
	$	**$'million**	$	$'million
Final dividend in respect of the previous financial year, approved and paid during the period	**0.75**	**302.7**	0.45	181.6

10 Property, plant and equipment

During the six months ended 30 June 2015, the Group acquired items of property, plant and equipment with a cost of $936.3 million (six months ended 30 June 2014: $333.9 million). Certain items of plant and equipment with a net book value of $1.5 million (six months ended 30 June 2014: $0.1 million) were disposed of during the six months ended 30 June 2015, resulting in a net gain on disposal of $6.8 million (six months ended 30 June 2014: $4.3 million).

11 Other financial assets

	At 30 June 2015 $'million	At 31 December 2014 $'million
Unlisted equity securities, at cost	**15.4**	15.4
Available-for-sale debt securities *(note)*		
— listed in Hong Kong	**67.8**	68.1
— listed outside Hong Kong	**106.7**	142.7
	189.9	226.2
Less: Available-for-sale debt securities classified as current assets		
— listed outside Hong Kong	**(75.9)**	(42.9)
Other financial assets classified as non-current assets	**114.0**	183.3

Note: Debt securities are issued by corporate entities with credit rating ranging from AA+ to BBB-. At 30 June 2015 and 31 December 2014, the Group's available-for-sale debt securities were neither past due nor impaired. Debt securities that will mature within one year are classified as current assets.

12 Accounts receivable

	At 30 June 2015 $'million	At 31 December 2014 $'million
Trade and other receivables	**511.7**	507.2
Interest receivable	**8.0**	11.8
Less: allowance for doubtful debts	**(11.2)**	(0.4)
	508.5	518.6

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

12 Accounts receivable *(continued)*

Included in accounts receivable are trade receivables (net of allowance for doubtful debts) with the following ageing analysis, based on the due date, as of the end of the reporting period:

	At 30 June 2015 $'million	At 31 December 2014 $'million
Current	**189.8**	178.3
1 to 3 months past due	**40.5**	41.1
More than 3 months past due	**28.0**	23.2
	258.3	242.6

According to the Group's credit policy, credit period granted to customers is generally between 30 days and 90 days. Therefore, all the balances which are not past due as disclosed above are within three months from the invoice date.

13 Cash and cash equivalents

	At 30 June 2015 $'million	At 31 December 2014 $'million
Cash at bank and in hand	**524.0**	342.6
Bank deposits	**1,910.4**	2,360.9
	2,434.4	2,703.5
Less: pledged and restricted deposits	**(85.1)**	(68.2)
	2,349.3	2,635.3

14 Accounts payable and accruals

As of the end of the reporting period, the ageing analysis of trade payables (which are included in accounts payable and accruals), based on the due date, is as follows:

	At 30 June 2015 $'million	At 31 December 2014 $'million
Due within 1 month or on demand	**139.8**	154.2
Due after 1 month but within 3 months	**0.9**	0.9
Due after more than 3 months	**2.4**	1.7
Trade payables	**143.1**	156.8
Balance of passenger rewards	**8.1**	9.3
Other payables and accruals	**989.8**	934.4
	1,141.0	1,100.5

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

Credit period granted to the Group is generally between 30 days and 90 days. Therefore, all the balances which are due within 1 month or on demand as disclosed above are within three months from the invoice date.

15 Fair value measurement of financial instruments

(a) *Financial assets and liabilities measured at fair value*

HKFRS 13, *Fair value measurement* categorised recurring fair value measurement of the Group's financial instruments at the end of the reporting period into the three-level fair value hierarchy. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

— Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

— Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

— Level 3 valuations: Fair value measured using significant unobservable inputs.

As 30 June 2015, the only financial instruments of the Group carried at fair value were available-for-sale debt securities of $174.5 million (2014: $210.8 million) (see note 11). Recurring fair value measurements of these instruments are categorised into Level 1 of the fair value hierarchy described above.

During the six months ended 30 June 2015, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2014: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

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

(b) Fair values of financial assets and liabilities carried at other than fair value

All financial instruments carried at cost or amortised cost are carried at amounts not materially different from their fair values as at 30 June 2015 and 31 December 2014 except as follows:

(1) Amounts due from associates of the Group are unsecured, interest-free and have no fixed repayment terms. Given these terms it is not meaningful to disclose their fair values.

(2) Unlisted equity securities of $15.4 million (31 December 2014: $15.4 million) do not have a quoted market price in an active market and therefore their fair values cannot be reliably measured. They are stated at cost less accumulated impairment losses at the end of the reporting period.

16 Capital commitments

(a) At 30 June 2015, the Group had the following capital commitments in relation to the purchase of property, plant and equipment not provided for in the interim financial report:

	At 30 June 2015 $'million	At 31 December 2014 $'million
Contracted for	**1,689.8**	1,285.8
Authorised but not contracted for	**111.0**	498.3
	1,800.8	1,784.1

(b) At 30 June 2015, the Group's share of capital commitments of a joint operation in relation to investment property under development not provided for in the interim financial report is as follows:

	At 30 June 2015 $'million	At 31 December 2014 $'million
Contracted for	**22.3**	22.3
Authorised but not contracted for	**1,765.8**	1,765.8
	1,788.1	1,788.1

17 Transactions with related companies

	Note	Six months ended 30 June 2015 $'million	2014 $'million
Nature of transactions			
Service fees for provision of coach services	(a) & (b)	**25.6**	24.4
Insurance premium paid	(c)	**43.0**	40.2
Amount paid and accrued for building management services	(d)	**2.4**	2.5
Amount paid and accrued for property project management service and lease modification	(e)	**—**	—

Notes:

(a) During the period, the Group provided coach services to certain subsidiaries of Sun Hung Kai Properties Limited ("SHKP"), a substantial shareholder of the Company. The amounts received and receivable for these coach services amounted to $4.3 million (six months ended 30 June 2014: $2.9 million). Outstanding balances due from these companies at 30 June 2015 amounted to $1.5 million (31 December 2014: $1.5 million).

(b) The Group also provided coach services to residents of certain residential property developments managed by certain members of SHKP and its subsidiaries ("SHKP Group") where the SHKP Group acts as agent for collection of the service fees ("Coach Service Arrangement"). The amounts received and receivable for these Coach Service Arrangements amounted to $21.3 million (six months ended 30 June 2014: $21.5 million). Outstanding balances due from these companies at 30 June 2015 amounted to $9.0 million (31 December 2014: $13.5 million).

(c) In 2013, the Group entered into a contract with a subsidiary of SHKP, Sun Hung Kai Properties Insurance Limited, for the provision of insurance services to the Group for the period from 1 January 2014 to 30 June 2015 (the "2014/15 Insurance Arrangements"). The amount paid and payable under the 2014/15 Insurance Arrangements amounted to $43.0 million (six months ended 30 June 2014: $40.2 million). Outstanding balances payable under this contract at 30 June 2015 amounted to $0.8 million (31 December 2014: $Nil).

(d) On 3 July 2007, Lai Chi Kok Properties Investment Limited, Royal Elite Service Company Limited ("Royal Elite"), a subsidiary of SHKP, and the first assignee of a residential unit of Manhattan Hill entered into a deed of mutual covenant (the "Deed") pursuant to which the parties agreed that Royal Elite to act as the manager of Manhattan Hill. The amount paid and payable under the Deed during six months ended 30 June 2015 amounted to $2.4 million (six months ended 30 June 2014: $2.5 million). There was no outstanding balance payable for this contract at 30 June 2015 (31 December 2014: $Nil).

(e) On 26 April 2010, KT Real Estate Limited ("KTRE"), a wholly-owned subsidiary of the Company, and Turbo Result Limited ("TRL") a subsidiary of SHKP, entered into an agreement with Sun Hung Kai Real Estate Agency Limited ("SHKRE"), pursuant to which KTRE and TRL agreed to appoint SHKRE as the project manager for the management, supervision and control of the application for planning permission, the surrender and regrant of an industrial site at Kwun Tong (the "Kwun Tong Site") and the construction of the Kwun Tong Site.

The amount payable for project management services shall be a sum equivalent to whichever is the higher of (1) $20.0 million; and (2) the lower of (a) 1% of the project cost and (b) $25.0 million.

The amount payable for lease modification services shall be in the sum of the lower of (1) $3.2 for each square foot of the permitted maximum gross floor area as approved under the lease modification and (2) $3.8 million.

Outstanding balance payable for this contract at 30 June 2015 amounted to $2.0 million (31 December 2014: $2.0 million).

KPMG

INDEPENDENT REVIEW REPORT TO THE BOARD OF DIRECTORS OF

TRANSPORT INTERNATIONAL HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 17 to 34 which comprises the consolidated statement of financial position of Transport International Holdings Limited as of 30 June 2015 and the related consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the condensed consolidated cash flow statement for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The Directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2015 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

19 August 2015

載通國際
Transport International

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(^ Non-executive Director of the Company)

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REGISTER OF MEMBERS

Book closed from 5 October 2015 to 7 October 2015, both dates inclusive

DIVIDEND

Interim
HK$0.30 per share,
payable on 15 October 2015

STOCK CODE

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

This Interim Report is also available on our corporate website: www.tih.hk

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