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Transport International Holdings Limited

(載通國際控股有限公司) *

(Incorporated in Bermuda with limited liability)

(Stock Code: 62)

Announcement of Interim Results For the Six Months ended 30 June 2024

FINANCIAL HIGHLIGHTS

- The Group's unaudited profit attributable to equity shareholders of the Company for the six months ended 30 June 2024 was HK\$120.3 million (six months ended 30 June 2023: HK\$133.7 million). The slight decline was mainly because the positive change in fair value on investment properties and investment property under development reported in 2023 had not recurred in 2024.
- The Group's flagship company, The Kowloon Motor Bus Company (1933) Limited ("KMB"), recorded a profit after taxation of HK\$21.9 million for the six months ended 30 June 2024 as compared to a loss after taxation of HK\$48.2 million for the corresponding period last year, representing an improvement of HK\$70.1 million. The improvement was mainly due to the increase in fare revenue but was partly offset by the increase in staff costs. Nevertheless, KMB continues to face several headwinds including rising staff costs and the instability of international fuel price which could have significant financial impact.
- Earnings per share for the six months ended 30 June 2024 was HK\$0.24 (six months ended 30 June 2023: HK\$0.28).
- After careful considerations of the ongoing challenges and uncertainties ahead, the Board does not recommend the declaration of an interim dividend for the six months ended 30 June 2024.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30 JUNE 2024 - UNAUDITED**

	Note	Six months ended 30 June	
		2024 HK\$ million	2023 HK\$ million
Revenue	2 & 3	4,064.4	3,805.4
Other income	4	115.1	98.2
Staff costs	5(a)	(2,220.6)	(2,084.3)
Depreciation		(605.4)	(593.6)
Fuel and oil		(504.5)	(487.9)
Spare parts		(110.0)	(106.7)
Toll charges		(109.2)	(144.9)
Other operating expenses	5(b)	(443.5)	(452.1)
Profit from operations		186.3	34.1
Change in fair value of investment properties and investment property under development		-	140.1
Finance costs	6	(53.8)	(49.1)
Share of profits of associates		0.1	- *
Share of profit of joint venture		4.1	4.0
Profit before taxation	5	136.7	129.1
Income tax (expense)/credit	7	(16.4)	4.6
Profit for the period		120.3	133.7
Earnings per share			
- Basic and diluted	9	HK\$ 0.24	HK\$ 0.28

* The amount represents amount less than \$0.1 million.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2024 - UNAUDITED**

	Six months ended 30 June	
	2024	2023
	HK\$ million	HK\$ million
Profit for the period	<u>120.3</u>	<u>133.7</u>
Other comprehensive income for the period (after tax and reclassification adjustments):		
<i>Item that will not be reclassified to profit or loss:</i>		
- Equity investment at fair value through other comprehensive income (“FVOCI”): net movement in fair value reserve (non-recycling), net of nil tax	(63.9)	8.6
<i>Items that may be reclassified subsequently to profit or loss:</i>		
- Exchange differences on translation of financial statements of entities outside Hong Kong, net of nil tax	(14.1)	(26.4)
- Investments in financial assets measured at FVOCI (recycling): net movement in fair value reserve (recycling), net of nil tax	(4.7)	(91.6)
- Share of other comprehensive income of an associate, net of nil tax	(6.4)	(0.4)
Other comprehensive income for the period	<u>(89.1)</u>	<u>(109.8)</u>
Total comprehensive income for the period	<u><u>31.2</u></u>	<u><u>23.9</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2024 - UNAUDITED

	Note	At 30 June 2024 HK\$ million	At 31 December 2023 HK\$ million
Non-current assets			
Investment properties		5,406.5	5,406.5
Investment property under development		2,875.0	2,805.0
Interest in leasehold land		45.5	46.5
Other property, plant and equipment		7,592.7	7,780.7
		<u>15,919.7</u>	<u>16,038.7</u>
Intangible assets		529.1	529.1
Goodwill		84.1	84.1
Interest in associates		588.7	609.1
Interest in joint venture		748.7	748.6
Other financial assets		1,325.8	1,267.0
Employee benefit assets		1,615.6	1,609.3
Deferred tax assets		1.3	2.0
		<u>20,813.0</u>	<u>20,887.9</u>
Current assets			
Spare parts		115.4	109.7
Accounts receivable	10	932.1	1,025.1
Other financial assets		328.9	463.7
Deposits and prepayments		103.4	43.5
Current tax recoverable		3.1	1.9
Restricted bank deposits		410.4	447.6
Bank deposits and cash		1,158.3	1,207.7
		<u>3,051.6</u>	<u>3,299.2</u>
Current liabilities			
Accounts payable and accruals	11	1,626.3	1,804.1
Contingency provision – insurance		93.7	91.8
Bank loans		1,152.5	1,262.1
Lease liabilities		2.8	3.6
Current tax payable		9.3	7.4
		<u>2,884.6</u>	<u>3,169.0</u>
Net current assets		<u>167.0</u>	<u>130.2</u>
Total assets less current liabilities		<u>20,980.0</u>	<u>21,018.1</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2024 - UNAUDITED

(continued)

	At 30 June 2024 HK\$ million	At 31 December 2023 HK\$ million
Non-current liabilities		
Bank loans	3,411.6	3,377.5
Lease liabilities	1.7	2.0
Deferred tax liabilities	1,020.0	1,010.1
Contingency provision – insurance	143.1	142.5
Provision for long service payments	81.2	80.5
	4,657.6	4,612.6
Net assets	16,322.4	16,405.5
Capital and reserves		
Share capital	508.9	494.3
Reserves	15,813.5	15,911.2
Total equity	16,322.4	16,405.5

Notes:

1 Basis of preparation

The interim financial results set out in this announcement do not constitute the Group's interim financial report for the six months ended 30 June 2024 but are extracted from that interim financial report.

The 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 15 August 2024.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group.

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 in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

2 Segment information

	Franchised bus operation		Property holdings and development		All other segments (note)		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2024	2023	2024	2023	2024	2023	2024	2023
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Revenue from external customers	3,887.2	3,643.8	46.9	39.5	130.3	122.1	4,064.4	3,805.4
Inter-segment revenue	0.9	0.5	2.2	2.2	1.8	0.5	4.9	3.2
Reportable segment revenue	3,888.1	3,644.3	49.1	41.7	132.1	122.6	4,069.3	3,808.6
Reportable segment profit/(loss)	43.3	(45.0)	29.1	158.9	5.9	0.5	78.3	114.4
As at 30 June/31 December								
Reportable segment assets	10,574.9	10,665.1	9,117.0	9,020.7	1,531.5	1,550.1	21,223.4	21,235.9
Reportable segment liabilities	4,550.1	4,617.4	2,854.9	3,051.5	93.0	87.2	7,498.0	7,756.1

Note: Results of all other segments mainly represented non-franchised transport operations and interest in associates.

3 Revenue

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

	Six months ended 30 June	
	2024	2023
	HK\$ million	HK\$ million
Fare revenue from franchised public bus services	3,742.3	3,494.8
Revenue from non-franchised transport services	132.1	122.3
Licence fee income	117.2	117.2
Media sales revenue	23.0	29.0
Gross rentals from investment properties	49.8	42.1
	<u>4,064.4</u>	<u>3,805.4</u>

4 Other income

	Six months ended 30 June	
	2024	2023
	HK\$ million	HK\$ million
Interest income	45.3	54.2
Net foreign exchange (loss)/gain	(0.4)	5.7
Expected credit loss on other financial assets	-	(32.5)
	<u>44.9</u>	<u>27.4</u>
Claims received	14.2	10.0
Net miscellaneous business receipts	10.8	7.3
Net gain on disposal of other property, plant and equipment	16.8	5.1
Sundry income	28.4	48.4
	<u>115.1</u>	<u>98.2</u>

5 Profit before taxation

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

(a) Staff costs

	Six months ended 30 June	
	2024	2023
	HK\$ million	HK\$ million
Contributions to defined contribution retirement plan (Income)/expense recognised in respect of defined benefit plans:		
- Employee benefit assets	91.3	87.4
- Long service payments	(6.3)	(9.0)
Total retirement cost	5.8	2.6
	<u>90.8</u>	<u>81.0</u>
Equity-settled share-based payment expenses	2.0	1.8
Salaries, wages and other benefits	2,128.0	2,002.1
	<u>2,220.8</u>	<u>2,084.9</u>
Less: staff costs included in cost of mask production	(0.2)	(0.6)
	<u>2,220.6</u>	<u>2,084.3</u>

(b) Other items

Insurance expenses (including the contingency provision for insurance)	99.6	88.8
Provision for toll exemption fund (note)	70.8	63.0
	<u>70.8</u>	<u>63.0</u>

Note: The Government of the Hong Kong Special Administrative Region (“HKSAR”) announced that with effect from 17 February 2019, all franchised buses are exempted from paying tolls when using Government tunnels and roads. However, each franchised bus operator is required to spend an equivalent amount of the toll saved to set up its own dedicated account known as the “Toll Exemption Fund” which will normally be used to lower the magnitude of future fare increases. In addition, any additional fare revenue resulting from the increase of bus fare on the jointly operated routes with other franchised bus operators arising from a fare adjustment is required to be paid into the Toll Exemption Fund. The balance of the Toll Exemption Fund of the Group as at 30 June 2024, included in accounts payable and accruals (note 11), was HK\$ 394.7 million (31 December 2023: HK\$420.8 million).

6 Finance costs

	Six months ended 30 June	
	2024	2023
	HK\$ million	HK\$ million
Interest on bank loans	116.2	84.8
Interest on lease liabilities	0.1	0.1
Total interest expense on financial liabilities not at fair value through profit or loss	116.3	84.9
Less: interest expense capitalised	(62.5)	(35.8)
	53.8	49.1

7 Income tax

	Six months ended 30 June	
	2024	2023
	HK\$ million	HK\$ million
Current tax – Hong Kong Profits Tax		
Provision for the period	5.7	5.0
Under-provision in respect of prior year	-	0.7
	5.7	5.7
The People’s Republic of China withholding tax	0.1	0.3
	5.8	6.0
Deferred tax		
Origination and reversal of temporary differences	10.6	(10.6)
Actual tax expense/(credit)	16.4	(4.6)

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2023: 16.5%) to the estimated assessable profits for the six months ended 30 June 2024, except for a subsidiary of the Group which is a qualifying corporation under the two-tier Profits Tax rate regime. For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated using the same basis in 2023.

8 Dividends

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

	Six months ended 30 June			
	2024		2023	
	Per share HK\$	HK\$ million	Per share HK\$	HK\$ million
Interim dividend declared after the interim period end	-	-	0.30	146.1

The Board does not recommend the declaration of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: HK\$0.30 per share).

The interim dividend with a scrip dividend alternative in respect of the six months ended 30 June 2023 was paid on 18 October 2023, of which HK\$74.3 million was settled by the issuance of 7,428,592 shares at an issue price of HK\$10.01 per share under the scrip dividend scheme.

- (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			
	2024		2023	
	Per share HK\$	HK\$ million	Per share HK\$	HK\$ million
Final dividend in respect of the previous financial year, approved and paid during the period	0.50	247.2	0.50	237.5

The final dividend with a scrip dividend alternative in respect of the year ended 31 December 2023 was paid on 28 June 2024, of which HK\$130.9 million was settled by the issuance of 14,558,307 shares at an issue price of HK\$8.99 per share under the scrip dividend scheme.

The final dividend with a scrip dividend alternative in respect of the year ended 31 December 2022 was paid on 30 June 2023, of which HK\$118.7 million was settled by the issuance of 11,974,451 shares at an issue price of HK\$9.91 per share under the scrip dividend scheme.

9 Earnings per share

(a) *Basic earnings per share*

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of HK\$120.3 million (six months ended 30 June 2023: HK\$133.7 million) and the weighted average number of shares in issue during the interim period, calculated as follows:

	Six months ended 30 June	
	2024	2023
Issued ordinary shares at 1 January	494,343,118	474,940,075
Effect of shares issued in respect of scrip dividend	239,972	66,157
Weighted average number of ordinary shares at 30 June	494,583,090	475,006,232

(b) *Diluted earnings per share*

The diluted earnings per share for both the six months ended 30 June 2024 and 2023 are the same as basic earnings per share as the effect of deemed issue of shares under the Company's share option scheme is anti-dilutive.

10 Accounts receivable

	At 30 June 2024 HK\$ million	At 31 December 2023 HK\$ million
Trade and other receivables	875.7	967.1
Interest receivable	56.8	58.4
Less: loss allowance	<u>(0.4)</u>	<u>(0.4)</u>
	<u>932.1</u>	<u>1,025.1</u>

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

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

	At 30 June 2024 HK\$ million	At 31 December 2023 HK\$ million
Current	160.4	161.0
Less than 1 month past due	33.2	69.1
1 to 3 months past due	54.8	54.5
More than 3 months past due	<u>196.2</u>	<u>177.3</u>
	<u>444.6</u>	<u>461.9</u>

According to the Group's credit policy, the 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.

11 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 2024 HK\$ million	At 31 December 2023 HK\$ million
Due within 1 month or on demand	156.8	142.4
Due after 1 month but within 3 months	0.7	1.5
Due after more than 3 months	<u>0.8</u>	<u>0.9</u>
Trade payables	158.3	144.8
Balance of toll exemption fund (note 5(b))	394.7	420.8
Retention payables	51.8	72.9
Other payables and accruals	1,016.6	1,160.7
Amount due to an associate	<u>4.9</u>	<u>4.9</u>
	<u>1,626.3</u>	<u>1,804.1</u>

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.

INTERIM RESULTS

The Group's unaudited profit attributable to equity shareholders of the Company for the six months ended 30 June 2024 was HK\$120.3 million (six months ended 30 June 2023: HK\$133.7 million). The slight decline was mainly because the positive change in fair value on investment properties and investment property under development reported in 2023 had not recurred in 2024. Earnings per share for the six months ended 30 June 2024 was HK\$0.24 (six months ended 30 June 2023: HK\$0.28).

INTERIM DIVIDEND

After careful considerations of the ongoing challenges and uncertainties ahead, the Board does not recommend the declaration of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: HK\$0.30 per share).

MANAGEMENT REVIEW AND OUTLOOK

REVIEW OF OPERATIONS AND RESULTS OF INDIVIDUAL BUSINESS UNIT

Franchised Public Bus Operations

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

- KMB recorded a profit after taxation of HK\$21.9 million for the six months ended 30 June 2024, compared to the loss after taxation of HK\$48.2 million for the six months ended 30 June 2023. The improvement was mainly due to the increase in fare revenue but was partly offset by the increase in staff costs. Nevertheless, KMB continues to face several headwinds including rising staff costs and the instability of international fuel price which could have significant financial impact.
- Fare revenue for the six months ended 30 June 2024 was HK\$3,439.9 million, an increase of HK\$185.7 million or 5.7% compared with HK\$3,254.2 million for the corresponding period in 2023. The increase was mainly due to the increase in fare revenue as a result of the increase in bus patronage.
- Total operating expenses for the six months ended 30 June 2024 amounted to HK\$3,590.5 million, an increase of 2.1% compared with HK\$3,517.7 million for the corresponding period in 2023. The increase was mainly attributable to the increase in staff costs, fuel costs and depreciation resulting from pay rises, high international fuel prices and fleet replacement, respectively.
- As at 30 June 2024, KMB operated a total of 440 routes (31 December 2023: 438 routes) covering Kowloon, the New Territories and Hong Kong Island. KMB completed the set-up of 31 Bus-Bus Interchanges ("BBI") in major locations across Hong Kong in 2023, and continues to review the efficiency of its bus network. The BBI hubs encouraged more passengers to take KMB/LWB bus routes by providing more choices and value-for-money services. A new BBI page was also introduced in App1933 to show locations covered by the BBI network. Routes involving the BBIs are listed by destinations, showing information such as platform numbers, location of the platforms, estimated travelling time, and interchange discounts.

- During the first half of 2024, a total of 20 Euro VI buses with the latest safety, environmental and design features were added to the fleet. As at 30 June 2024, KMB operated 4,020 buses (31 December 2023: 4,055 buses), comprising 3,877 double-deck (44 of which are electric double-deck buses) and 143 single-deck buses (26 of which are electric single-deck buses). In addition, a total of 8 electric buses and 110 Euro VI double-deck buses were awaiting licensing in the second half of 2024.

Long Win Bus Company Limited ("LWB")

- The profit after taxation of LWB for the six months ended 30 June 2024 was HK\$21.5 million, compared to the profit after taxation of HK\$3.2 million for the six months ended 30 June 2023, representing an increase of HK\$18.3 million compared with the corresponding period in 2023.
- Fare revenue for the six months ended 30 June 2024 increased by HK\$62.3 million or 25.9% to HK\$303.3 million compared with HK\$241.0 million for the corresponding period in 2023. The increase was mainly due to the growth in bus patronage.
- Total operating expenses for the six months ended 30 June 2024 amounted to HK\$278.5 million, an increase of HK\$41.4 million or 17.5% compared with HK\$237.1 million for the corresponding period in 2023. The increase was mainly due to the increase in staff costs and fuel costs.
- As at 30 June 2024, LWB had 30 BBI schemes covering 42 regular 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.
- As at 30 June 2024, LWB operated 53 regular routes with a fleet of 283 buses (31 December 2023: 285 buses), comprising 279 double-deck buses and 4 single-deck electric buses.

Non-franchised Transport Operations

The Group's Non-franchised Transport Operations Division reported a profit after taxation of HK\$6.2 million for the six months ended 30 June 2024, compared to HK\$1.0 million for the six months ended 30 June 2023. 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 one of the leading non-franchised bus operators in Hong Kong, providing customised, premium, safe, reliable, and value-for-money transport services to a wide range of customers, including large residential estates, shopping malls, major employers, travel agents and schools, as well as the general public through chartered hire services.
- The results of the SBH Group for the six months ended 30 June 2024 had improved compared to the corresponding period in 2023 mainly due to the growth in demand for cross-boundary services and the decrease in operating expenses, resulting from the

implementation of various cost control measures by management to streamline the business.

- As at 30 June 2024, the SBH Group had a fleet of 429 licensed buses (31 December 2023: 421 licensed buses). During the first half of 2024, 26 new coaches were purchased for fleet replacement and service enhancement purposes.

New Hong Kong Bus Company Limited ("NHKB")

- NHKB operates a direct, economical, 24-hour cross-boundary shuttle bus service (commonly known as the "Huang Bus" service) serving regular commuters and leisure travellers between Lok Ma Chau in Hong Kong and Huanggang (皇崗) in Shenzhen.
- The revenue of the NHKB for the six months ended 30 June 2024 increase by 57.3% compared with the corresponding period in 2023. The increase was mainly due to the increase in bus patronage as a result of full resumption of the Huang Bus services coupled with the recent trend of northbound spending for Hong Kong residents over weekends and holidays. Total operating expenses for the period increased correspondingly as a result of the full resumption of services compared with the first half of 2023.
- As at 30 June 2024, NHKB had a fleet of 15 super-low floor single-deck buses, the same number as at 31 December 2023.

Property Holdings and Development

The Group's Property Holdings and Development Division reported a profit after taxation of HK\$29.1 million for the six months ended 30 June 2024, compared to the profit after taxation of HK\$18.8 million (excluding a fair value gain of HK\$140.1 million) for the corresponding period in 2023. A review of the Group's investment properties is set out as follows:

KT Real Estate Limited ("KTRE")

- KTRE, a wholly-owned subsidiary of the Company, together with Turbo Result Limited, a subsidiary of Sun Hung Kai Properties Limited ("SHKP"), owns The Millennity situated at No. 98 How Ming Street, Kwun Tong, Kowloon, Hong Kong in equal shares as tenants in common for long-term investment purpose.
- The Millennity, a premium integrated commercial project strategically located in the heart of Kwun Tong, is close to Kwun Tong and Ngau Tau Kok MTR stations.
- The Millennity offers Grade-A offices with a gross floor area of approximately 650,000 square feet in two 20-storey towers and a large shopping mall in a 10-storey podium covering leisurely retail space of approximately 500,000 square feet. Nearly 400 parking spaces will be provided in a 4-storey parking garage in the basement, a number of which will be equipped with electric vehicle charging systems.
- Two office towers of The Millennity were completed and certain tenants moved in and commencing their operations since 2023. The podium mall beneath The Millennity is still under construction and scheduled to have its opening later.
- As at 30 June 2024, the office portion of The Millennity was classified as investment property, while the remaining portion was classified as investment property under

development in the consolidated statement of financial position (31 December 2023: same).

LCK Real Estate Limited (“LCKRE”)

- LCKRE, a wholly-owned subsidiary of the Company, owns the 17-storey commercial office building at 9 Po Lun Street, Lai Chi Kok, Kowloon, which has a total gross floor area of about 156,700 square feet for office use and rental purposes. A portion of the gross floor area is used by the Group as headquarters with the remaining gross floor area leased out to shops, offices and restaurants, and classified as investment property in the consolidated statement of financial position.

LCK Commercial Properties Limited (“LCKCP”)

- LCKCP, a wholly-owned subsidiary of the Company, owns the Manhattan Mid-town shopping mall, a two-level retail podium at Manhattan Hill. The 50,000 square feet shopping mall provides Manhattan Hill residents and other shoppers with high quality retail facilities. The shopping mall was leased out to a mix of shops and restaurants, generating a stream of recurring income for the Group and classified as investment property in the consolidated statement of financial position.

TM Properties Investment Limited (“TMPI”)

- TMPI is jointly owned by TM Properties Holdings Limited (“TMPH”), an indirect wholly-owned subsidiary of the Group, and Mega Odyssey Limited (“MOL”), an indirect wholly-owned subsidiary of SHKP subsequent to the disposal of TMPH’s 50% equity interest in TMPI to MOL on 29 December 2020. TMPI, the owner of the property at Tuen Mun Town Lot No. 80 in the New Territories, has become a 50%-owned joint venture of the Group.
- As at 30 June 2024, the entire lettable area of the property has been leased out to generate rental income for the Group.

China Mainland Transport Operations

As at 30 June 2024, the Group’s total interests in associates within the China Mainland Transport Operations Division amounted to HK\$588.7 million (31 December 2023: HK\$609.1 million). Such investments are mainly related to the operation of public transport services in Shenzhen, as well as taxi and car rental services in Beijing. The Group’s China Mainland Transport Operations Division reported similar results for the six months ended 30 June 2024, compared to the corresponding period in 2023.

Shenzhen Bus Group Company Limited (深圳巴士集團股份有限公司) (“SZBG”)

- SZBG, 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 SZBG, representing a stake of 35%. SZBG mainly provides public bus, minibus and taxi services in Shenzhen City, Guangdong Province (廣東省深圳市). As at 30 June 2024, it had a fleet of over 5,000 buses running on more than 330 routes and over 5,500 taxi.

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 on the business opportunities in the booming but challenging car rental market, BBKT spun off its car rental business 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). As at 30 June 2024, BBKT had a fleet of over 4,500 taxis.

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 over 1,000 vehicles available for hire as at 30 June 2024.

FINANCIAL POSITION

Capital Expenditure

As at 30 June 2024, the carrying values of Group’s investment properties, investment property under development, interest in leasehold land and other property, plant and equipment (comprising buildings, buses and other motor vehicles, buses under construction, tools and others) amounted to HK\$15,919.7 million (31 December 2023: HK\$16,038.7 million), none of which was pledged or charged.

During the six months ended 30 June 2024, the Group incurred capital expenditure of HK\$487.2 million (six months ended 30 June 2023: HK\$1,040.5 million), which was mainly used for the purchase of new buses by the Group for fleet replacement and the development of The Millennity.

FUNDING AND FINANCING

Liquidity and financial resources

As at 30 June 2024, the Group's net borrowing (i.e. total borrowings less cash and deposits at banks) amounted to HK\$2,995.4 million (31 December 2023: HK\$2,984.3 million). The details of the Group's net cash/net borrowing position 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 borrowing)/ Net cash HK\$ million
<i>At 30 June 2024</i>				
Hong Kong dollars		925.0	(4,564.1)	(3,639.1)
United States dollars	81.5	636.6	-	636.6
Other currencies		7.1	-	7.1
Total		<u>1,568.7</u>	<u>(4,564.1)</u>	<u>(2,995.4)</u>
<i>At 31 December 2023</i>				
Hong Kong dollars		1,039.2	(4,639.6)	(3,600.4)
United States dollars	77.6	605.8	-	605.8
Other currencies		10.3	-	10.3
Total		<u>1,655.3</u>	<u>(4,639.6)</u>	<u>(2,984.3)</u>

As at 30 June 2024, bank loans, all unsecured, amounted to HK\$4,564.1 million (31 December 2023: HK\$4,639.6 million). The maturity profile of the bank loans of the Group is set out below:

	At 30 June 2024 HK\$ million	At 31 December 2023 HK\$ million
Within 1 year	1,152.5	1,262.1
After 1 year but within 2 years	1,224.0	12.5
After 2 years but within 5 years	2,187.6	3,365.0
	<u>4,564.1</u>	<u>4,639.6</u>

As at 30 June 2024, the Group had undrawn banking facilities totalling HK\$2,515.0 million (31 December 2023: HK\$2,450.0 million).

The finance costs incurred by the Group for the six months ended 30 June 2024 were HK\$53.8 million, an increase of HK\$4.7 million compared with HK\$49.1 million for the six months ended 30 June 2023. The increase was mainly due to the increase in average interest rate in respect of the Group's borrowings from 3.26% per annum for the six months ended 30 June

2023 to 4.53% per annum for the six months ended 30 June 2024, but partly offset with the decrease in average bank borrowings.

As at 30 June 2024, the Group's cash and deposits at banks (mainly denominated in Hong Kong dollars and United States dollars) amounted to HK\$1,568.7 million (31 December 2023: HK\$1,655.3 million).

FUNDING AND TREASURY POLICIES

In general, the Group's major operating companies arrange their own financing to meet their operational and specific needs. The Group's other subsidiaries are mainly financed from the capital base of their parent company. The Group reviews its funding policy from time to time 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 as risky as not hedging, and would not necessarily result in a better financial position for the Group in the long term. Alternatively, the Group enters into contracts with diesel suppliers from time to time for the supply of diesel. It is expected that the fuel price will continue to be volatile, and management will continue to closely monitor fuel price movements and constantly review its strategy in respect of fuel price risk management in the light of prevailing market conditions.

The Group is exposed to foreign currency risk primarily through purchases of new buses and motor vehicle components from overseas, investments in financial assets measured at FVOCI (recycling) and deposits placed at banks that are denominated in a foreign currency. The currencies giving rise to this risk are primarily British Pounds Sterling (GBP) and United States dollars (USD). In respect of the exposure in GBP used for bus purchases, the Group's treasury team will enter into forward foreign exchange contracts in a strategic manner when appropriate.

In view of the volatile financial markets and the prospect of interest rate hikes, the Group will continue to closely monitor the market conditions and devise suitable strategies to manage 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, will be used when appropriate. As at 30 June 2024, all of the Group's borrowings were denominated in Hong Kong dollars and on a floating interest rate basis. The Group regularly reviews its strategy on interest rate risk management in the light of the prevailing market conditions.

The Group's credit risk is primarily attributable to trade and other receivables and debt investments. Management has a credit policy in place under which exposure to credit risk is monitored on an ongoing basis. The Group has established treasury management guidelines for investment of surplus cash reserves in debt securities for yield enhancement purposes. Limits are set for the total portfolio size and individual debt securities to minimise the overall risk as well as the concentration risk. The credit ratings of the debt issuers and market news relating to them, as available, are closely monitored over the life of the transactions. In addition, investment portfolio and investment strategies will be monitored and reviewed on a regular basis to minimise the risk of default on the investments in debt securities. Cash at bank and bank deposits are placed with licensed financial institutions with high credit ratings and the

Group monitors the exposure to each financial institution. The Group does not provide guarantees to third parties which would expose the Group to credit risk.

CAPITAL COMMITMENTS

The Group's capital commitments as at 30 June 2024 amounted to HK\$217.3 million (31 December 2023: HK\$343.2 million). These commitments were mainly in respect of the purchases of buses and other motor vehicles and the development of The Millennity, which are to be financed by bank borrowings and from the Group's internal resources.

EMPLOYEES AND REMUNERATION POLICIES

Transport operations are labour intensive. For the six months ended 30 June 2024, total remuneration excluding retirement costs and equity-settled share-based payment expenses amounted to HK\$2,128.0 million (six months ended 30 June 2023: HK\$2,002.1 million), accounting for about 53% of the total operating costs of the Group. The Group closely monitors its headcount and staff remuneration in line with productivity and the prevailing market trends. Employee compensation, including salaries and retirement and medical benefits, is determined based on the principles of performance, fairness, transparency and market competitiveness. As at 30 June 2024, the Group employed about 12,800 staff (31 December 2023: over 13,000 staff).

OUTLOOK

The Hong Kong economy is gradually picking up speed amidst global economic recovery. As the boundaries have fully reopened and the exchange of people between China Mainland and Hong Kong has improved, the Group observes a prominent conversion in the spending behaviour and travel habits of local residents, which includes the outflow of passengers at weekends, the reduction of outgoing activities in late hours and the gradual recovery of inbound tourists, resulting in challenges to bus patronage. However, the Group remains steadfast in its commitment to delivering high-quality service to passengers through the two fully owned franchised bus companies, KMB and LWB. Of particular note is the Group's ongoing efforts to enhance transportation connectivity in new development areas. In this regard, KMB has dedicated significant resources towards establishing relevant infrastructure and new routes to provide enhanced convenience and accessibility for passengers in Sai Sha, Tai Po and other areas. These are expected to have a paramount impact on improving the daily livelihood and mobility of residents in these growing communities. As the Group continues to adapt and respond to evolving passenger needs, we anticipate these connectivity enhancements will play a crucial role in strengthening the Group's service offerings and solidifying its position as a trusted major public transport operator.

In respect of raising travellers' awareness of bus services and incentivising the adoption of bus services as their transportation of choice, KMB has rolled out the first-ever "Tourist Day Pass". It is expected to play a pivotal role in driving increased ridership on bus services among travellers to Hong Kong. By offering unlimited trips on over 450 KMB and LWB routes within a 24-hour period, the Pass provides tourists with a seamless, convenient, and comfortable travel experience. Importantly, the scheme also aims to cultivate a "hop on, hop off" culture, empowering travellers to explore the city's attractions through a more immersive, up-close experience on the double-decker buses. Meanwhile, LWB has introduced enhancements to selected Airport Routes, including the introduction of services that now traverse the Hong

Kong-Zhuhai-Macao Bridge - Hong Kong Port. This has provided travellers with a more convenient commuting option when accessing the Bridge and other parts of the city. This strategic move by KMB and LWB aligns well with the HKSAR Government's latest focus on tourism enhancement, and is anticipated to help reinvigorate the momentum of Hong Kong's tourism industry in the coming period.

Green transportation has been in the heart of the Group's operations. As the city's foremost advocate for carbon emissions reduction, the Group continues to proactively demonstrate the merits of electric buses. The deployment of electric buses on nearly 40 bus routes across Hong Kong in our fleets exemplifies the profound significance of the new energy transformation underway in the city.

The Group has always been keen on the betterment of services to passengers in need. In collaboration with non-government organisations, KMB has introduced "Audio Bus Stops" equipped with wireless radio frequency identification system devices. This initiative has been rolled out at 15 frequently used bus stops in Sham Shui Po, catering to the needs of visually impaired passengers. This solution not only offers greater convenience to individuals with visual impairments, but also fosters a more inclusive and compassionate community.

Diversified development has been the strategy of the Group for sustainable growth. The two grade-A office towers of The Millennity, a premium commercial project in Kwun Tong, have been substantially rented to a number of large organisations and enterprises. The 500,000-square-foot megamall at the podium is also expected to open later. These will provide a steady return for our shareholders.

Looking ahead, the Group is well-positioned to play a pivotal role in bolstering Hong Kong's transportation infrastructure and driving greater adoption of zero-emission buses with the backing of the HKSAR Government. The Group eagerly anticipates building upon these strategic priorities, leveraging the expertise and dedication of our staff as well as the support of the general public.

ISSUE OF SHARES

On 28 June 2024, the Company issued 14,558,307 shares in lieu of the final dividend for the year ended 31 December 2023 at an issue price of HK\$8.99 per share under the scrip dividend scheme as set out in the circular of the Company dated 30 May 2024.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

Except for the aforesaid issue of shares on 30 June 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period under review.

CORPORATE GOVERNANCE

The Company complied with the applicable code provisions in the Corporate Governance Code set out in Appendix C1 to the Listing Rules for the six months ended 30 June 2024, except that three Directors of the Company were unable to attend the Annual General Meeting of the Company held on 16 May 2024 as provided for in code provision C.1.6, due to other engagements.

REVIEW OF INTERIM FINANCIAL REPORT

The interim financial report for the six months ended 30 June 2024 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 included in the interim report to be sent to shareholders.

The Audit and Risk Management Committee of the Company, together with management and KPMG, has reviewed the accounting principles and policies adopted by the Group, discussed auditing, internal control, risk management and financial reporting matters, and also reviewed the unaudited interim financial report for the six months ended 30 June 2024.

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 2024 interim report will be available at the Company's website and despatched to shareholders of the Company in mid-September 2024.

By Order of the Board

Norman LEUNG Nai Pang
Chairman

Hong Kong, 15 August 2024

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*
Professor LIU Pak Wai, *SBS, JP*
Mr. TSANG Wai Hung, *GBS, PDSM, JP*

Non-executive Directors:

Mr. Raymond KWOK Ping Luen, *JP* (Mr. WONG Hong Kit as his alternate)
Mr. Charles LUI Chung Yuen, *M.H.*
Mr. William LOUEY Lai Kuen (Ms. LAU Man-Kwan, Julia as his alternate)
Ms. Winnie NG, *JP*
Mr. Allen FUNG Yuk Lun
Dr. CHEUNG Wing Yui, *BBS*
Mr. LEE Luen Fai, *BBS, JP*
Mr. LUNG Po Kwan
Mr. Christopher KWOK Kai-wang, *JP*

Executive Director:

Mr. Roger LEE Chak Cheong (Managing Director)

**For identification purpose only*