

## Transport International Holdings Limited 2006 Annual General Meeting

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At the Annual General Meeting of Transport International Holdings Limited (TIH) today (Thursday, 18 May 2006), the Group's Chairman, Sir Sze-yuen Chung, reported the financial results for 2005. For the year ended 31 December 2005, the TIH Group's profit attributable to equity shareholders was HK\$584.2 million and earnings per share were HK\$1.45, both representing a decrease of 20.1 per cent compared with 2004. The profit for 2005 included a one-off capital gain of HK\$90.5 million arising from the disposal of the Group's bus depot at Kwai Chung, which was previously owned by our subsidiary, The Kowloon Motor Bus Company (1933) Limited, KMB. Excluding this capital gain item, the Group's earnings for 2005 decreased by 32.5 per cent compared with 2004.

"2005 was a challenging year for the Group. The expansion of rail networks in recent years, and escalating operating costs, particularly fuel costs, wages, tunnel toll charges and interest expenses, have exerted tremendous pressure on our financial performance. Also, our franchised bus companies, KMB and Long Win Bus Company Limited, continued to provide fare concessions to our customers during the past year. Through rationalizing our bus routes and enhanced service efficiency, the adverse impact of the above factors has been partly mitigated," said the Group's Chairman, Sir Sze-yuen Chung.

"The scenario for the past year has not been all negative. Positive news includes the successful renewal of KMB's franchise for operating franchised public bus services in Hong Kong until 1 July 2017. This gives us a concrete foundation for our future investment planning. At the same time, the new fare adjustment mechanism introduced by the HKSAR Government has, to a certain extent, improved the objectivity and transparency of the fare adjustment process for the future. This is of great importance for the healthy development of the franchised public bus industry in Hong Kong. Also, Long Win's revenue grew last year as a result of the continuous population intake at Tung Chung New Town, an increase in road transport demand to and from Hong Kong International Airport, and new demand associated with the opening of Hong Kong Disneyland."

Non-franchised transport operations continued to perform satisfactorily in 2005. The cross-boundary service between Lok Ma Chau and Huanggang, and local tour transport services benefited from the extension of the Individual Visit Scheme to cover more Mainland cities.

With the new investment in the Shenzhen public bus joint venture since January 2005, the Group's Mainland transport operations continued to expand and contribute positive returns. This provides a sound base from which the Group can grow its business in key cities across China Mainland.

The RoadShow Group, the media advertising business of the group, has finished the year with positive business growth and improved net profit.

The residential property development in Lai Chi Kok, Manhattan Hill, is progressing well, and the Group is confident that this prestigious development will generate considerable income and cash flow for the Group.

Sir Sze-yuen Chung said, "The new company name - Transport International Holdings Limited - implies that we see our future as an international entity operating within and also beyond our home market of Hong Kong. While our franchised public bus services in Hong Kong will remain our core business, we shall continue to explore other business opportunities and apply our proven joint venture models in public transport businesses on the Mainland for sustainable business growth. With clear direction and prudent business strategies, I am confident that the Group will emerge from today's challenging environment as a stronger and more diverse conglomerate."

Sir Sze-yuen Chung added, "On behalf of the Board, I thank our management and staff for their enormous contribution and hard work over the past year. I look forward to continuing to work with our team to assure our position as a leader in world class public transport."



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