

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Transport International Holdings Limited

(載通國際控股有限公司) *

(incorporated in Bermuda with limited liability)

(Stock code: 62)

2015 Final Results Announcement

FINANCIAL HIGHLIGHTS

- The Group's profit attributable to equity shareholders for the year ended 31 December 2015 was HK\$628.7 million (2014: HK\$415.1 million), an increase of HK\$213.6 million or 51.5% compared with 2014.
- The Group's flagship company, The Kowloon Motor Bus Company (1933) Limited, recorded a profit after taxation of HK\$488.2 million for 2015 (2014: HK\$196.6 million), an increase of HK\$291.6 million or 148.3% compared with 2014. The improvement in results was mainly due to the reduction in fuel costs resulting from the fall in international fuel prices and continuous improvement in bus operating efficiency, as well as to the increase in fare revenue due to the full year effect of the 3.9% fare increase and patronage growth.
- The Group's 73% owned subsidiary, RoadShow Holdings Limited ("RoadShow"), reported a loss attributable to equity shareholders of HK\$47.9 million for 2015 (2014: profit attributable to equity shareholders of HK\$70.6 million, which included a one-off gain of HK\$36.6 million from the disposal of other financial assets). Further information relating to RoadShow is available in its 2015 annual results announcement published on 15 March 2016.
- The Group's earnings per share for 2015 were HK\$1.56 (2014: HK\$1.03).
- An ordinary final dividend of HK\$0.90 per share for 2015 has been declared (2014: HK\$0.75 per share), resulting in total dividend for the year amounted to HK\$1.20 per share (2014: HK\$0.90 per share).

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2015**

	<i>Note</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Fare revenue from franchised public bus services		6,972,748	6,717,466
Revenue from non-franchised transport services		349,628	342,110
Media sales revenue		418,675	464,502
Gross rentals from investment properties		38,879	32,474
Revenue	3	7,779,930	7,556,552
Other income	4	78,938	115,024
Staff costs	5	(3,846,921)	(3,612,151)
Depreciation and amortisation		(834,997)	(786,246)
Fuel and oil		(809,049)	(1,351,694)
Spare parts and stores		(265,731)	(256,106)
Toll charges		(413,989)	(394,513)
Other operating expenses		(961,026)	(832,189)
Profit from operations		727,155	438,677
Finance costs	6	(9,674)	(5,022)
Share of profits of associates		32,357	37,791
Gain on disposal of other financial assets		-	36,603
Impairment loss on intangible assets		(2,895)	-
Profit before taxation		746,943	508,049
Income tax	8	(128,075)	(69,034)
Profit for the year		618,868	439,015
Attributable to:			
Equity shareholders of the Company		628,711	415,072
Non-controlling interests		(9,843)	23,943
Profit for the year		618,868	439,015
Earnings per share – basic and diluted:	9	HK\$ 1.56	HK\$ 1.03

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015**

	<i>Note</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Profit for the year		618,868	439,015
Other comprehensive income for the year (after tax and reclassification adjustments):			
<i>Item that will not be reclassified to profit or loss:</i>			
Remeasurements of the employee benefit assets and liabilities, net of tax credit of HK\$31,353,000 (2014: HK\$11,800,000)		(158,663)	(59,718)
<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		(34,348)	(18,083)
Available-for-sale debt securities: net movement in the fair value reserve, net of nil tax		(1,340)	(6,122)
Other comprehensive income for the year		(194,351)	(83,923)
Total comprehensive income for the year		424,517	355,092
Attributable to:			
Equity shareholders of the Company		434,360	331,149
Non-controlling interests		(9,843)	23,943
Total comprehensive income for the year		424,517	355,092

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2015**

	<i>Note</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Non-current assets			
Investment properties		106,838	108,863
Investment property under development		24,888	15,555
Interest in leasehold land		63,378	65,390
Other properties, plant and equipment		5,938,303	4,627,342
		6,133,407	4,817,150
Intangible assets		132,311	134,563
Goodwill		84,051	84,051
Non-current prepayments		14,502	7,444
Interest in associates		634,363	739,562
Other financial assets		112,446	183,337
Employee benefit assets		577,303	860,669
Deferred tax assets		5,551	4,702
		7,693,934	6,831,478
Current assets			
Spare parts and stores		69,225	62,335
Accounts receivable	10	435,640	518,595
Other financial assets		67,223	42,898
Deposits and prepayments		85,129	27,936
Current tax recoverable		4,167	15,604
Pledged and restricted bank deposits		84,678	68,181
Cash and cash equivalents		2,629,796	2,635,303
		3,375,858	3,370,852
Current liabilities			
Bank loans		459,942	-
Accounts payable and accruals	11	1,402,209	1,100,454
Contingency provision – insurance		183,133	155,826
Current tax payable		9,701	2,329
		2,054,985	1,258,609
Net current assets		1,320,873	2,112,243
Total assets less current liabilities		9,014,807	8,943,721

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2015
(continued)

	<i>Note</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Non-current liabilities			
Bank loans		589,000	544,542
Deferred tax liabilities		794,425	719,211
Contingency provision – insurance		251,289	274,340
Employee benefit liabilities		9,107	6,214
Provision for long service payments		9,423	12,342
		1,653,244	1,556,649
Net assets		7,361,563	7,387,072
Capital and reserves			
Share capital		403,639	403,639
Reserves		6,804,018	6,793,480
Total equity attributable to equity shareholders of the Company		7,207,657	7,197,119
Non-controlling interests		153,906	189,953
Total equity		7,361,563	7,387,072

Notes:

1. Auditor's report

The results for the year ended 31 December 2015 have been audited in accordance with Hong Kong Standards on Auditing, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), by the Group's auditor, KPMG, Certified Public Accountants, whose unmodified auditor's report is included in the annual report to be sent to shareholders. The results have also been reviewed by the Company's Audit and Risk Management Committee.

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2015 as set out in the preliminary announcement have been compared by KPMG to the amounts set out in the Group's audited consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by the auditor.

2. Basis of preparation

The annual results set out in the announcement are extracted from the Group's consolidated financial statements, which have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those set out in the Group's 2014 annual financial statements except for the accounting policy changes as described below.

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

- Amendments to HKAS 19, *Employee benefits: Defined benefit plans: Employee contributions*
- *Annual Improvements to HKFRSs 2010-2012 Cycle*
- *Annual Improvements to HKFRSs 2011-2013 Cycle*

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

2. Basis of preparation (continued)

Amendments to HKAS 19, *Employee benefits: Defined benefit plans: Employee contributions*

The amendments introduce a relief to reduce the complexity of accounting for certain contributions from employees or third parties under defined benefit plans. When the contributions are eligible for the practical expedient provided by the amendments, a company is allowed to recognise the contributions as a reduction of the service cost in the period in which the related service is rendered, instead of including them in calculating the defined benefit obligation. The amendments do not have an impact on these financial statements as the defined benefit plans operated by the Group are wholly funded by contributions from the Group and do not involve contributions from employees or third parties.

Annual Improvements to HKFRSs 2010-2012 Cycle and 2011-2013 Cycle

These two cycles of annual improvements contain amendments to nine standards with consequential amendments to other standards. Among them, HKAS 24, *Related party disclosures* has been amended to expand the definition of a “related party” to include a management entity that provides key management personnel services to the reporting entity, and to require the disclosure of the amounts incurred for obtaining the key management personnel services provided by the management entity. These amendments do not have an impact on the Group’s related party disclosures as the Group does not obtain key management personnel services from management entities.

3. Segment reporting

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

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

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

Information regarding the Group's reportable segments for the years ended 31 December 2015 and 2014 is set out below:

	Franchised bus operation		Media sales business		All other segments (note)		Total	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Revenue from external customers	6,982,263	6,724,838	411,946	459,462	385,721	372,252	7,779,930	7,556,552
Inter-segment revenue	180,086	126,729	-	-	89,568	55,018	269,654	181,747
Reportable segment revenue	7,162,349	6,851,567	411,946	459,462	475,289	427,270	8,049,584	7,738,299
Reportable segment profit	545,275	232,463	(46,029)	76,682	102,676	94,439	601,922	403,584
Interest income	125	454	4,998	9,880	3,096	-	8,219	10,334
Interest expense	(9,674)	(5,022)	-	-	-	-	(9,674)	(5,022)
Depreciation and amortisation for the year	(773,322)	(733,229)	(16,014)	(14,292)	(45,661)	(38,725)	(834,997)	(786,246)
Provision of impairment loss on								
trade and other receivables	-	-	(13,137)	(364)	(8)	(384)	(13,145)	(748)
Impairment loss on intangible assets	-	-	(2,895)	-	-	-	(2,895)	-
Gain on disposal of other financial assets	-	-	-	36,603	-	-	-	36,603
Staff costs	(3,634,488)	(3,402,002)	(77,806)	(86,263)	(126,093)	(112,578)	(3,838,387)	(3,600,843)
Share of profits of associates	-	-	-	-	32,357	37,791	32,357	37,791
Income tax expense	(109,497)	(44,695)	(4,892)	(8,008)	(13,991)	(16,766)	(128,380)	(69,469)
Reportable segment assets	6,913,429	5,830,064	687,354	783,131	1,444,595	1,552,764	9,045,378	8,165,959
- including interest in associates	-	-	-	-	634,363	739,562	634,363	739,562
Additions to non-current segment								
assets during the year	2,117,257	1,079,287	8,061	4,100	40,339	38,218	2,165,657	1,121,605
Reportable segment liabilities	3,379,811	2,528,437	141,781	107,061	141,447	123,831	3,663,039	2,759,329

Note: Other operating segments which do not meet the quantitative thresholds prescribed by HKFRS 8 for determining reportable segments are combined as "all other segments". Such operating segments generate profits mainly from the provision of non-franchised transport services, leasing of investment properties and investments in associates.

3. Segment reporting (continued)

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<i>Revenue</i>		
Reportable segment revenue	7,574,295	7,311,029
Revenue from all other segments	475,289	427,270
Elimination of inter-segment revenue	(269,654)	(181,747)
Consolidated revenue	<u>7,779,930</u>	<u>7,556,552</u>
<i>Profit</i>		
Reportable segment profit	499,246	309,145
Profit from all other segments	102,676	94,439
Unallocated profits	16,946	35,431
Consolidated profit after taxation	<u>618,868</u>	<u>439,015</u>
<i>Assets</i>		
Reportable segment assets	7,600,783	6,613,195
Assets from all other segments	1,444,595	1,552,764
Unallocated assets	2,024,414	2,036,371
Consolidated total assets	<u>11,069,792</u>	<u>10,202,330</u>
<i>Liabilities</i>		
Reportable segment liabilities	3,521,592	2,635,498
Liabilities from all other segments	141,447	123,831
Unallocated liabilities	45,190	55,929
Consolidated total liabilities	<u>3,708,229</u>	<u>2,815,258</u>

Geographic information

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

3. Segment reporting (continued)

Geographic information (continued)

	Specified non-current assets	
	2015	2014
	HK\$'000	HK\$'000
Hong Kong	6,259,501	4,947,962
The PRC	724,631	827,364
	<u>6,984,132</u>	<u>5,775,326</u>

4. Other income

	2015	2014
	HK\$'000	HK\$'000
Interest income on other financial assets not at fair value through profit or loss	55,133	69,891
Dividend income from equity securities	31,000	4,340
Net movement in balance of passenger rewards	(66,901)	1,457
Claims received	52,029	35,813
Net miscellaneous business receipts	9,226	6,880
Net gain on disposal of property, plant and equipment	1,745	2,733
Available-for-sale debt securities: reclassified from equity on maturity	11	2,811
Government subsidies	29,351	878
Net foreign exchange loss	(49,643)	(38,576)
Sundry revenue	16,987	28,797
	<u>78,938</u>	<u>115,024</u>

5. Staff costs

	2015	2014
	HK\$'000	HK\$'000
Defined benefit retirement plan expense	96,243	91,641
Contributions to defined contribution retirement plans	114,874	100,987
Movements in provision for long service payments	2,222	(793)
	<u>213,339</u>	<u>191,835</u>
Total retirement cost	213,339	191,835
Salaries, wages and other benefits	3,633,582	3,420,316
	<u>3,846,921</u>	<u>3,612,151</u>

6. Finance costs

	2015 HK\$'000	2014 <i>HK\$'000</i>
Interest on bank loans not at fair value through profit or loss	9,674	5,022

7. Dividends

Dividends paid/payable to equity shareholders of the Company attributable to the year:

	2015		2014	
	Per share HK\$	Total HK\$'000	Per share <i>HK\$</i>	Total <i>HK\$'000</i>
Interim dividend declared and paid	0.30	121,092	0.15	60,546
Final dividend proposed after the end of the reporting period	0.90	363,275	0.75	302,730
	1.20	484,367	0.90	363,276

At the Board meeting held on 24 March 2016, the Directors recommended an ordinary final dividend of HK\$0.90 per share for 2015 (2014: HK\$0.75 per share). Such dividend, which will be proposed at the Annual General Meeting of the Company to be held on 26 May 2016, has not been recognised as liability at the end of the reporting period.

8. Income tax

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Current tax – Hong Kong Profits Tax		
Provision for the year	19,981	12,813
Under/(over) -provision in respect of prior years	137	(354)
	<u>20,118</u>	<u>12,459</u>
Current tax – The People’s Republic of China (“PRC”) Income Tax		
Provision for the year	406	5,346
Under-provision in respect of prior years	57	40
	<u>463</u>	<u>5,386</u>
PRC withholding tax	<u>1,776</u>	<u>3,107</u>
	<u>22,357</u>	<u>20,952</u>
Deferred tax		
Origination and reversal of temporary differences	105,718	48,082
	<u>128,075</u>	<u>69,034</u>

The provision for Hong Kong Profits Tax for 2015 is calculated at 16.5% (2014: 16.5%) of the estimated assessable profits for the year. Taxation for subsidiaries in the PRC is charged at the appropriate current rates of taxation ruling in the PRC.

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\$628,711,000 (2014: HK\$415,072,000) and 403,639,413 shares in issue during the years ended 31 December 2015 and 2014.

(b) *Diluted earnings per share*

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

10. Accounts receivable

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Trade and other receivables	443,834	507,211
Interest receivable	5,210	11,786
Less: allowance for doubtful debts	(13,404)	(402)
	435,640	518,595

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

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:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Current	174,352	178,300
1 to 3 months past due	27,504	41,119
More than 3 months past due	26,917	23,203
	228,773	242,622

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.

11. Accounts payable and accruals

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Trade payables	88,377	156,862
Balance of passenger rewards	76,150	9,249
Other payables and accruals	1,237,682	934,343
	1,402,209	1,100,454

11. Accounts payable and accruals (continued)

Included in accounts payable and accruals are trade payables with the following ageing analysis, based on due date, as of the end of the reporting period:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Due within 1 month or on demand	80,626	154,226
Due after 1 month but within 3 months	4,932	941
Due after more than 3 months	2,819	1,695
	88,377	156,862

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.

RESULTS

The Group's profit attributable to equity shareholders for the year ended 31 December 2015 was HK\$628.7 million, an increase of 51.5% compared to HK\$415.1 million for 2014. Earnings per share increased from HK\$1.03 for 2014 to HK\$1.56 for 2015. The increase in profit was mainly attributable to the improvement in the financial performance of our franchised public bus businesses operated by The Kowloon Motor Bus Company (1933) Limited ("KMB") and Long Win Bus Company Limited ("LWB"), as well as our non-franchised transport business operated by Sun Bus Holdings Limited and its subsidiaries (the "SBH Group").

PROPOSED DIVIDEND

The Board has proposed the payment to shareholders registered as at 1 June 2016 an ordinary final dividend of HK\$0.90 per share (2014: HK\$0.75 per share) totalling HK\$363.3 million (2014: HK\$302.7 million). Together with the ordinary interim dividend of HK\$0.30 per share (2014: HK\$0.15 per share) paid on 15 October 2015, total dividends for the year will amount to HK\$1.20 per share (2014: HK\$0.90 per share). The total dividend payout for the year will amount to HK\$484.4 million (2014: HK\$363.3 million). Subject to the approval of shareholders at the forthcoming Annual General Meeting ("AGM") to be held on 26 May 2016 or at any adjournment thereof, the ordinary final dividend will be payable on 8 July 2016.

The Transfer Books of the Company will be closed from 19 May 2016 to 26 May 2016, both dates inclusive. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrars in Hong Kong, Computershare Hong Kong Investor Services Limited (the "Branch Share Registrars") at 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 18 May 2016.

For the purpose of ascertaining shareholders' entitlement to the proposed ordinary final dividend of the Company for the year ended 31 December 2015, the Transfer Books of the Company will be closed on 1 June 2016. In order to qualify for the proposed ordinary final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrars at the aforementioned address for registration not later than 4:30 p.m. on 31 May 2016.

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\$488.2 million for 2015, representing an increase of HK\$291.6 million compared with HK\$196.6 million for 2014.

KMB's fare revenue for the year was HK\$6,532.7 million, an increase of HK\$228.7 million or 3.6% compared with HK\$6,304.0 million for 2014. The increase was mainly due to patronage growth and the full year effect of the 3.9% fare increase which took effect on 6 July 2014. During the year, with improvements in service levels and bus network efficiency as well as bus service reliability, KMB's total ridership increased by 1.5% to 969.2 million passenger trips (a daily average of 2.66 million passenger trips) as compared with 955.2 million passenger trips (a daily average of 2.62 million passenger trips) for 2014 in spite of the adverse impact arising from the Government's phased extension of the Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities (the “HK\$2 Scheme”) to green minibus routes from 29 March 2015. The increase also reflected the fact that the road network remained open throughout the year, as opposed to 2014, when road occupations in the final quarter affected KMB's ridership. Advertising revenue for the year also increased from HK\$130.3 million for 2014 to HK\$184.7 million for 2015.

Total operating expenses for 2015 amounted to HK\$6,195.6 million, a decrease of HK\$99.7 million or 1.6% compared with HK\$6,295.3 million for 2014. The decrease was mainly attributed to the reduction in fuel and oil costs of HK\$496.3 million as a result of the fall in international fuel prices and continued improvement in bus operating efficiency. This positive factor was, however, partly offset by the increase of HK\$218.9 million in staff costs due to annual pay rise at an average rate of 4.6%, and the increase in depreciation charges and other operating expenses due to general inflation.

Long Win Bus Company Limited (“LWB”)

The profit after taxation of LWB for 2015 was HK\$57.0 million, an increase of HK\$21.2 million or 59.2% compared with HK\$35.8 million for 2014.

LWB’s fare revenue for 2015 amounted to HK\$440.0 million, an increase of HK\$26.5 million or 6.4% compared with HK\$413.5 million for 2014. The increase was mainly due to the year-on-year growth in ridership of 5.3% resulting from increased transport demand from international travellers and construction workers involved in various infrastructural and residential projects at the Airport and in Tung Chung. LWB recorded a total ridership of 36.7 million passenger trips (a daily average of 100,450 passenger trips) for 2015, as compared with 34.8 million passenger trips (a daily average of 95,430 passenger trips) for 2014.

Total operating expenses for the year amounted to HK\$371.5 million, a decrease of HK\$5.6 million or 1.5% compared with HK\$377.1 million for 2014. The decrease was mainly due to reductions in fuel and insurance costs but it was partly offset by an increase in operating costs associated with the purchase of new buses, service enhancements, the annual pay rise and general inflation.

Non-franchised Transport Operations

The Group’s Non-franchised Transport Operations Division reported a profit after taxation of HK\$49.2 million for 2015, representing an increase of HK\$14.3 million or 41.0% compared with HK\$34.9 million for 2014. Revenue increased by 2.1% from HK\$339.8 million for 2014 to HK\$347.0 million for 2015. 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. With Sun Bus Limited as its flagship company, the SBH Group provides customised transport services to a wide range of customers, including large residential estates, shopping malls, major employers, theme parks, travel agents and schools, as well as the general public through chartered hire services.

The revenue generated from new and existing customers of the SBH Group increased by HK\$3.6 million or 1.2% from HK\$299.1 million for 2014 to HK\$302.7 million for 2015. Total operating costs for 2015 also increased as a result of the rise in staff salaries, service quality enhancements and general

inflation, but this was partly offset by the reduction in fuel costs due to lower prices.

In 2015, in line with the SBH Group's commitment to quality service and environmental protection, the SBH Group purchased 47 Euro V buses for fleet replacement purposes. As at 31 December 2015, the SBH Group had a fleet of 386 buses (2014: 386 buses).

New Hong Kong Bus Company Limited ("NHKB")

NHKB jointly operates with its Shenzhen (深圳) counterpart a direct, economical, 24-hour cross-boundary shuttle bus service (commonly known as the "Huang Bus" service) serving regular commuters and holiday travellers between Lok Ma Chau in Hong Kong and Huanggang (皇崗) in Shenzhen. Fares of the Huang Bus increased from HK\$8 per trip to HK\$9 per trip for daytime services and from HK\$9 per trip to HK\$10 per trip for both daytime and midnight services with effect from 29 September 2014 and 19 October 2015 respectively. NHKB's patronage slightly decreased by 0.3% from 4.82 million passenger trips (an average monthly ridership of 402,000 passenger trips) in 2014 to 4.81 million passenger trips (an average monthly ridership of 401,000 passenger trips) in 2015.

At the end of 2015, NHKB had a fleet of 15 buses, same as the number at the end of 2014 with five new Euro V buses replacing five older buses.

Property Holdings and Development

LCK Commercial Properties Limited ("LCKCP")

LCKCP, a wholly-owned subsidiary of the Group, is the owner of "Manhattan Mid-town", the commercial complex of Manhattan Hill. The 50,000 square feet shopping mall has provided Manhattan Hill residents and other shoppers with high quality retail facilities since its opening in March 2009. As at 31 December 2015, about 99% of the lettable area of the shopping mall was leased out, generating a stream of recurring income for the Group.

As at 31 December 2015, the carrying value of the shopping mall (classified as investment property on the consolidated statement of financial position), stated at cost less accumulated depreciation and impairment losses, amounted to HK\$85.4 million (2014: HK\$89.7 million).

LCK Real Estate Limited (“LCKRE”)

LCKRE, a wholly-owned subsidiary of the Group, is the owner of a 17-storey commercial office building situated at 9 Po Lun Street, Lai Chi Kok, Kowloon, which has a total gross floor area of about 156,700 square feet. A portion of the gross floor area has been used by the Group as headquarters with the remaining gross floor area leased out to shops and restaurants. In the fourth quarter of 2015, the area for headquarters usage was reduced, and the released gross floor area was reallocated for leasing to generate rental income for the Group.

As at 31 December 2015, the building was stated on the consolidated statement of financial position at cost less accumulated depreciation and impairment losses in the amount of HK\$29.9 million (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 subsidiary of Sun Hung Kai Properties Limited (“SHKP”), own the industrial site situated at Kwun Tong Inland Lot No. 240, No. 98 How Ming Street, Kowloon, Hong Kong (the “Kwun Tong Site”) in equal shares as tenants in common.

On 11 December 2009, KTRE, TRL, the Company and SHKP entered into an agreement to jointly develop the Kwun Tong Site for non-residential (excluding hotel) purposes. Sun Hung Kai Real Estate Agency Limited (“SHKRE”), a wholly-owned subsidiary of SHKP, has been appointed as the project manager to oversee the development of the Kwun Tong Site. The Group intends to hold the development for long-term investment purposes. While it will take some time to finalise matters relating to the modification of the lease, we are in the meantime looking for other opportunities to use the site to generate additional income for the Group.

As at 31 December 2015, the carrying value of the Kwun Tong Site (classified as investment property under development on the consolidated statement of financial position) amounted to HK\$24.9 million (2014: HK\$15.6 million).

TM Properties Investment Limited (“TMPI”)

TMPI, a wholly-owned subsidiary of the Company, is the owner of an industrial property at 1 Kin Fung Circuit, Tuen Mun. The property, comprising a single-storey high ceiling structure and a three-storey workshop building with a

total gross floor area of about 105,900 square feet, has been leased out to generate rental income for the Group since March 2011.

As at 31 December 2015, the carrying value of the industrial property (classified as investment property on the consolidated statement of financial position), stated at cost less accumulated depreciation and impairment losses, amounted to HK\$4.8 million (2014: HK\$6.1 million).

Media Sales Business

RoadShow Holdings Limited and its subsidiaries (the “RoadShow Group”)

The RoadShow Group reported a loss attributable to equity shareholders for 2015 of HK\$47.9 million, compared with profit attributable to equity shareholders of HK\$70.6 million for 2014, which included a one-off gain on disposal of other financial assets of HK\$36.6 million. The loss for the year was mainly attributable to reduction in revenue due to sluggish demand in the advertising market, together with an increase in royalty, licence and management fees of HK\$36.8 million, an exchange loss of approximately HK\$9.8 million and the impairment loss on accounts receivable of approximately HK\$13.1 million.

For the year ended 31 December 2015, the RoadShow Group reported a total operating revenue of HK\$429.9 million, a decrease of approximately 9.5% over the previous year. The revenue generated from the RoadShow Group’s Hong Kong media sales services in 2015 amounted to HK\$411.9 million, a decrease of 10.4% compared with HK\$459.5 million in 2014.

Total operating expenses for 2015 increased by HK\$43.9 million or 10.3% from HK\$427.1 million in 2014 to HK\$471.0 million in 2015.

Further information relating to the RoadShow Group is available in its 2015 annual results announcement and annual report.

China Mainland Transport Operations

As at 31 December 2015, the Group’s total interests in associates within the China Mainland Transport Operations Division amounted to HK\$634.4 million (2014: HK\$739.6 million). The decrease was due mainly to the repatriation of dividends from an associate and exchange differences on translation of financial statements of the associates from Renminbi to Hong Kong dollars. Such investments are

mainly related to the operation of public transport services in Shenzhen (深圳), and taxi and car rental services in Beijing (北京). For the year ended 31 December 2015, the Division reported an after-tax profit of HK\$32.4 million (2014: HK\$37.8 million).

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

SZBG, which commenced operations in January 2005, is a Sino-foreign joint stock company formed by KMB (Shenzhen) Transport Investment Limited (九巴(深圳)交通投資有限公司), a wholly-owned subsidiary of the Group, and four other Mainland investors. The Group has invested CNY387.1 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), operating a fleet of 5,187 buses running on around 263 route and 1,373 taxis. Due mainly to the keen competition from the Shenzhen underground railway system, SZBG total ridership fell by 5.3% from 809.4 million passenger trips for 2014 to 766.1 million passenger trips for 2015. To improve its competitiveness in the public transport field, SZBG has taken measures to enhance its operational efficiency and productivity, and continued to record a profit in 2015.

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 March 2003. BBKT’s shareholders include KMB (Beijing) Taxi Investment Limited (九巴(北京)出租汽車投資有限公司), a wholly-owned subsidiary of the Group, Beijing Beiqi Municipal Taxi Group Company Limited (北京北汽出租汽車集團有限責任公司) and three other China Mainland investors. The Group has invested CNY80.0 million (equivalent to HK\$75.5 million at the investment date) in BBKT, representing an equity interest of 31.38%. BBKT operated both taxi hire and car rental businesses in Beijing until April 2013, when, to sharpen its focus on the business opportunities provided by 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 (北京北汽福特股份有限公司), which has the same shareholding structure as BBKT. As at 31 December 2015, BBKT had a fleet of 3,670 taxis, of which 566 are environment-friendly hybrid taxis, and 5,869 employees, and recorded a profit in 2015.

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

Established in April 2013 as a Sino-foreign joint stock company with the same shareholding structure as BBKT, BBF operates the car rental business formerly undertaken by BBKT. With ISO 9001:2008 certification for management systems in car rental services, BBF is well placed to take advantage of the growing business opportunities afforded by business commuters as well as by the wide variety of events, conferences and exhibitions that are held in the capital. As at 31 December 2015, BBF had 1,118 vehicles available for charter mainly in Beijing and Tianjin and 145 employees. BBF recorded a profit in 2015.

FINANCIAL LIQUIDITY AND RESOURCES

The Group closely monitors its liquidity requirement and financial resources to ensure that a healthy financial position is maintained such 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 loan repayments, daily operational needs and capital expenditure as well as potential business expansion and development. The Group’s operations are mainly financed by shareholders’ funds, bank loans and overdrafts. In general, major operating companies of the Group arrange their own financing to meet their operational and specific needs. The Group’s other subsidiaries are mainly financed from the Company’s capital base. The Group reviews its funding policy from time to time to ensure that cost-efficient and flexible funding is available to cater for the unique operating environment of each subsidiary.

As at 31 December 2015, the Group was in a net cash position (i.e. cash and deposits at banks less total borrowings) of HK\$1,665.6 million (2014: HK\$2,158.9 million) and with a liquidity ratio (the ratio of current assets to current liabilities) of 1.6 (2014: 2.7).

As at 31 December 2015, the Group had undrawn banking facilities totalling HK\$1,980.0 million (2014: HK\$295.0 million), of which HK\$1,970.0 million (2014: HK\$285.0 million) was of a committed nature.

The finance costs incurred by the Group for the year ended 31 December 2015 were HK\$9.7 million, an increase of HK\$4.7 million compared with HK\$5.0 million for 2014. The increase was mainly due to the increase in the average bank

borrowings of the Group as well as the rise in the average interest rate from 1.00% per annum for 2014 to 1.28% per annum for 2015.

For the year ended 31 December 2015, the Group's interest income exceeded the total finance costs by HK\$45.5 million (2014: HK\$64.9 million).

CAPITAL EXPENDITURE

As at 31 December 2015, the 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\$6,133.4 million (2014: HK\$4,817.2 million). None of these assets was pledged or charged as at 31 December 2015.

In 2015, the Group incurred capital expenditure of HK\$2,167.1 million (2014: HK\$1,124.5 million). The increase in capital expenditure was mainly due to the purchase of new buses.

EMPLOYEES AND REMUNERATION POLICIES

Running a transport operation is a labour intensive business, and staff costs accounted for about 54% of the total operating expenses of the Group in 2015. The Group closely monitors its headcount and staff remuneration in line with productivity and the prevailing market trends. The Group's total remuneration excluding retirement costs for 2015 amounted to HK\$3,633.6 million (2014: HK\$3,420.3 million), representing an increase of 6.2%. At the end of 2015, the Group employed over 13,400 staff.

OUTLOOK

Looking ahead, the global economy faces a number of challenges. Domestically, the Hong Kong Government's major infrastructure projects and development of new towns are encouraging as they will inject a new growth momentum into our business. The rapid shifts in population and business activities arising from future developments on Lantau Island and the northern New Territories offer a

golden growth opportunity for LWB and augur a year of rapid expansion. LWB's Airbus service will be rebranded, with a new livery, upgraded compartments and redesigned bus captain uniforms accompanying the launch of new routes providing safe, quick, reliable and direct services for Hong Kong citizens and tourists.

As for our core business KMB, its 10-year bus franchise will expire in 2017, and we have begun discussions with the HKSAR Government regarding the new franchise. Our confidence that the franchise will be extended for another ten years is based not only on the service improvement measures we have adopted but also on our relationship with our customers and employees. In 2016, we will purchase the most modern green buses, continue to add Estimated Time of Arrival displays at major bus stops, and install seats at bus stops for the convenience of passengers. In terms of environmental protection, we will use the government's funding programme to trial electric buses. Eight supercapacitor buses and ten battery-powered electric buses will be trialled by KMB, while four battery-powered electric will be put on trial by LWB.

As for our staff, we will continue to train our bus captains in safety and driving skills, and enhance the support given to new bus captains. We will also continue to improve staff welfare and the working environment, demonstrating our commitment to a people-oriented and service-focused philosophy.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's own shares.

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 year ended 31 December 2015, except that pertaining to the code provision A.6.7, a Non-executive Director of the Company, Mr. Raymond KWOK Ping Luen was unable to attend the Annual General Meeting and the Special General Meeting of the Company held on 21 May 2015 due to other engagements.

AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee of the Company, together with management and the Company's external auditors, KPMG, has reviewed the accounting principles and policies adopted by the Group, discussed auditing, internal control and financial reporting matters, and reviewed the financial results for the year ended 31 December 2015.

By Order of the Board
Norman LEUNG Nai Pang
Chairman

Hong Kong, 24 March 2016

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

Independent Non-executive Directors:

Dr. Norman LEUNG Nai Pang, *GBS, JP* (Chairman)
Dr. John CHAN Cho Chak, *GBS, JP* (Deputy Chairman)
Dr. Eric LI Ka Cheung, *GBS, OBE, JP*
Mr. Gordon SIU Kwing Chue, *GBS, CBE, JP*
Professor LIU Pak Wai, *SBS, JP*

Non-executive Directors:

Mr. Raymond KWOK Ping Luen, *JP* (Ms. Susanna WONG Sze Lai as his alternate)
Mr. NG Siu Chan (Ms. Winnie NG as his alternate)
Mr. William LOUEY Lai Kuen
Ms. Winnie NG
Mr. Edmond HO Tat Man
Mr. John Anthony MILLER, *SBS, OBE*
Mr. Allen FUNG Yuk Lun

Executive Directors:

Mr. Roger LEE Chak Cheong (Managing Director)
Mr. Charles LUI Chung Yuen, *M.H.*

**For identification purposes only*