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Transport International Holdings Limited

(incorporated in Bermuda with limited liability)

(Stock code: 062)

2008 Final Results Announcement

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

	<i>Note</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Fare revenue from franchised public bus services		6,137,548	6,070,232
Revenue from non-franchised transport services		399,983	380,180
Revenue from sales of properties		619,032	5,382,928
Media sales revenue		196,523	180,139
Turnover	6	7,353,086	12,013,479
Other net income		404,595	332,680
Cost of properties sold		(134,214)	(1,360,588)
Staff costs		(3,047,200)	(3,010,978)
Depreciation and amortisation		(916,470)	(934,043)
Fuel and oil		(1,643,709)	(1,209,805)
Spare parts and stores		(226,760)	(243,902)
Toll charges		(351,747)	(332,061)
Selling and marketing expenses for property sales		(22,633)	(420,750)
Other operating expenses		(745,059)	(670,075)
Profit from operations		669,889	4,163,957
Finance costs	2	(32,614)	(118,756)
Share of profits of associates		59,759	29,380
Share of losses of jointly controlled entities		(3,363)	(644)
Profit before taxation	2	693,671	4,073,937
Income tax	4	(17,837)	(205,581)
Profit for the year		675,834	3,868,356
Attributable to:			
Equity shareholders of the Company		658,670	3,847,678
Minority interests		17,164	20,678
Profit for the year		675,834	3,868,356

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008
(continued)**

	<i>Note</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Profit for the year attributable to equity shareholders of the Company:			
Arising from sales of properties		366,154	3,507,741
Arising from the Group's other operations		292,516	339,937
		658,670	3,847,678
Dividends attributable to the year	3		
Ordinary		544,913	819,388
Special		-	1,412,738
		544,913	2,232,126
Earnings per share:	5		
Arising from sales of properties		HK\$ 0.91	HK\$ 8.69
Arising from the Group's other operations		0.72	0.84
		HK\$ 1.63	HK\$ 9.53
Dividends per share:	3		
Ordinary		HK\$ 1.35	HK\$ 2.03
Special		-	3.50
		HK\$ 1.35	HK\$ 5.53

**CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2008**

	<i>Note</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Non-current assets			
Fixed assets			
- Investment property under development		120,375	82,529
- Other property, plant and equipment		4,265,488	4,816,690
- Interest in leasehold land held for own use under operating leases		80,025	82,104
		4,465,888	4,981,323
Passenger service licences		15,036	13,936
Goodwill		62,885	51,578
Media assets		778	1,122
Non-current prepayments		28,741	38,322
Interest in associates		833,680	911,887
Interest in jointly controlled entities		20,422	22,959
Other financial assets		135,540	138,060
Employee benefit assets		755,435	602,228
Deferred tax assets		8,493	11,877
		6,326,898	6,773,292
Current assets			
Completed property held for sale		78,469	206,288
Spare parts and stores		76,240	76,780
Accounts receivable	7	717,823	1,707,599
Deposits and prepayments		28,858	30,518
Current taxation recoverable		24,608	5,917
Pledged bank deposits		-	38,000
Cash and cash equivalents		3,034,131	3,095,420
		3,960,129	5,160,522
Current liabilities			
Bank loans and overdrafts		725,384	436,936
Accounts payable and accruals	8	989,087	1,281,709
Third party claims payable		142,684	143,751
Current taxation payable		19,458	74,307
		1,876,613	1,936,703
Net current assets		2,083,516	3,223,819
Total assets less current liabilities		8,410,414	9,997,111

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2008
(continued)

	<i>Note</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Non-current liabilities			
Bank loans		589,748	1,154,664
Contingency provision – insurance		336,912	295,165
Deferred tax liabilities		531,330	701,504
Provision for long service payments		38,521	47,222
		<u>1,496,511</u>	<u>2,198,555</u>
Net assets		<u>6,913,903</u>	<u>7,798,556</u>
Capital and reserves			
Share capital		403,639	403,639
Reserves		6,257,184	7,145,289
Total equity attributable to equity shareholders of the Company		<u>6,660,823</u>	<u>7,548,928</u>
Minority interests		253,080	249,628
Total equity		<u>6,913,903</u>	<u>7,798,556</u>

Notes:

1. Basis of preparation

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. There have been no significant changes to the accounting policies applied in the financial statements for the years ended 31 December 2008 and 2007.

2. Profit before taxation

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

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Finance costs:		
Interest on bank loans and overdrafts not at fair value through profit or loss	32,614	118,756
Net income recognised in respect of two defined benefit retirement schemes	(153,207)	(65,278)
Interest income on financial assets not at fair value through profit or loss	(121,169)	(203,607)
Gain on disposal of associate	(64,626)	-
Gain on deemed disposal of partial interest in associate	-	(10,243)
Net gain on disposal of fixed assets	(1,191)	(5,389)

3. Dividends

	2008		2007	
	<i>HK\$ per share</i>	<i>HK\$'000</i>	<i>HK\$ per share</i>	<i>HK\$'000</i>
Ordinary interim dividend paid	0.30	121,092	0.45	181,638
Special interim dividend paid	-	-	1.50	605,459
Ordinary final dividend proposed	1.05	423,821	1.58	637,750
Special final dividend proposed	-	-	2.00	807,279
	1.35	544,913	5.53	2,232,126

At the Board Meeting held on 19 March 2009, the Directors recommended an ordinary final dividend for 2008 of HK\$1.05 per share (2007: ordinary final dividend of HK\$1.58

per share and special final dividend of HK\$2.00 per share). Such dividends are to be proposed at the Annual General Meeting on 21 May 2009 and have not been recognised as dividends payable in the financial statements.

4. Income tax

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Current tax		
– Hong Kong Profits Tax	177,388	259,387
– PRC Income Tax	7,239	997
	<u>184,627</u>	<u>260,384</u>
Deferred tax	(166,790)	(54,803)
	<u>17,837</u>	<u>205,581</u>

The provision for Hong Kong Profits Tax for 2008 is calculated at 16.5% (2007: 17.5%) of the estimated assessable profits for the year. Taxation for subsidiaries in the PRC is charged at the current rates of taxation applicable in the PRC.

In February 2008, the Hong Kong Government announced a reduction in the Hong Kong Profits Tax rate from 17.5% to 16.5% which has been applicable to the Group's operations in Hong Kong as from the year ended 31 December 2008. As a result, the opening balance of deferred tax has been re-estimated accordingly.

5. 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\$658,670,000 (2007: HK\$3,847,678,000) and 403,639,413 shares in issue during the years ended 31 December 2008 and 2007. The calculation of basic earnings per share arising from sales of properties and the Group's other operations is based on profits arising from the respective operations of HK\$366,154,000 (2007: HK\$3,507,741,000) and HK\$292,516,000 (2007: HK\$339,937,000) respectively and 403,639,413 shares in issue during the years ended 31 December 2008 and 2007.

(b) *Diluted earnings per share*

The diluted earnings per share for the current and previous years are not presented as there are no dilutive potential ordinary shares during the years.

6. Segment reporting

The Group's primary format for reporting segment information is business segments. Revenue from external customers (turnover) represents fare revenue from the operation of franchised public bus and non-franchised transport services, revenue from sales of properties and property development, and media sales revenue.

	<i>Transport operations</i>		<i>Media sales business</i>		<i>Property holdings and development</i>		<i>Inter-segment elimination</i>		<i>Consolidated</i>	
	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Revenue from external customers	6,537,531	6,450,412	196,523	180,139	619,032	5,382,928	-	-	7,353,086	12,013,479
Inter-segment revenue	-	-	47,185	30,491	-	-	(47,185)	(30,491)	-	-
Other revenue from external customers	46,157	36,227	744	2,321	393	-	-	-	47,294	38,548
Total	6,583,688	6,486,639	244,452	212,951	619,425	5,382,928	(47,185)	(30,491)	7,400,380	12,052,027
Segment result	29,464	333,119	103,184	68,959	363,683	3,557,087			496,331	3,959,165
Unallocated net operating income									173,558	204,792
Profit from operations									669,889	4,163,957
Finance costs									(32,614)	(118,756)
Share of profits less losses of associates and jointly controlled entities	42,255	16,198	14,141	12,538	-	-			56,396	28,736
Income tax									(17,837)	(205,581)
Profit after taxation									675,834	3,868,356

6. Segment reporting (continued)

	<i>Transport operations</i>		<i>Media sales business</i>		<i>Property holdings and development</i>		<i>Inter-segment elimination</i>		<i>Consolidated</i>	
	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Depreciation and amortisation for the year	901,832	910,920	14,638	23,123	-	-				
Impairment losses										
- fixed assets	-	-	-	3,000	-	-				
- trade and other receivables	291	234	414	55	80,285	-				
Segment assets	5,664,100	5,825,002	92,659	105,471	461,908	1,728,469			6,218,667	7,658,942
Interests in associates and jointly controlled entities	597,176	702,223	256,926	232,623	-	-			854,102	934,846
Unallocated assets									3,214,258	3,340,026
Total assets									10,287,027	11,933,814
Segment liabilities	1,172,431	1,218,958	32,426	64,091	265,718	455,652			1,470,575	1,738,701
Unallocated liabilities									1,902,549	2,396,557
Total liabilities									3,373,124	4,135,258
Capital expenditure incurred during the year	368,864	444,087	2,803	124	37,846	7,962				

Geographical segments

The Group's turnover and profit from operations derived from activities outside Hong Kong were insignificant. Accordingly, no analysis by geographical segment is presented.

7. Accounts receivable

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Trade and other receivables	493,385	266,086
Instalments receivable from sale of properties	299,860	1,433,751
Interest receivable	9,106	11,714
Less: Allowance for doubtful debts	(84,528)	(3,952)
Financial assets measured at amortised cost	717,823	1,707,599

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

Included in accounts receivable are trade receivables and instalments receivable from sale of properties (net of allowance for doubtful debts) with the following ageing analysis:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Current	342,229	1,644,599
1 to 3 months past due	15,810	12,291
More than 3 months past due	19,008	6,474
	377,047	1,663,364

A credit period of between 30 days and 90 days is normally granted to customers of the Group's non-franchised transport operations and media sales business. For instalments receivable from sale of properties, the properties sold serve as the collateral.

8. Accounts payable and accruals

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Trade payables	139,924	201,005
Other payables and accruals	848,568	1,080,704
Financial liabilities measured at amortised cost	988,492	1,281,709
Derivative financial instruments	595	-
	989,087	1,281,709

8. Accounts payable and accruals (continued)

Included in accounts payable and accruals are trade payables with the following ageing analysis:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Due within 1 month or on demand	122,979	116,044
Due after 1 month but within 3 months	15,312	84,961
Due after more than 3 months	1,633	-
	139,924	201,005

9. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

RESULTS

The Group's profit attributable to equity shareholders for the year ended 31 December 2008 was HK\$658.7 million. This represents a decrease of 82.9% compared to HK\$3,847.7 million for 2007. Earnings per share decreased correspondingly to HK\$1.63 for 2008 from HK\$9.53 for 2007. The profit for 2008 included the non-recurrent after-tax profit of HK\$366.2 million (2007: HK\$3,507.7 million) arising from the further sales of 27 residential units (2007: 835 residential units) of Manhattan Hill by Lai Chi Kok Properties Investment Limited, a wholly-owned subsidiary in the Group's Property Holdings and Development Division. If the non-recurrent after-tax profits from property sales for 2008 and 2007 were excluded, the profit attributable to equity shareholders of the Company for 2008 would have been HK\$292.5 million, representing a decrease of 14.0% compared to HK\$340.0 million for 2007.

PROPOSED FINAL DIVIDEND

The Board has proposed the payment to shareholders registered as at 21 May 2009 an ordinary final dividend of HK\$1.05 per share (2007: an ordinary final dividend of HK\$1.58 per share and a special final dividend of HK\$2.00 per share) totalling HK\$423.8 million (2007: HK\$1,445.0 million). Together with the ordinary interim dividend of HK\$0.30 per share (2007: an ordinary interim dividend of HK\$0.45 per share and a special interim dividend of HK\$1.50 per share) paid on 16 October 2008, total dividends for the year will amount to HK\$1.35 per share (2007: HK\$5.53 per share). The total dividend payout for the year will amount to HK\$544.9 million (2007: HK\$2,232.1 million). Subject to the approval of shareholders at the forthcoming Annual General Meeting to be held on 21 May 2009, the final dividend will be payable on 22 May 2009.

The Transfer Books of the Company will be closed from 13 May 2009 to 21 May 2009, both dates inclusive. To qualify for the proposed final dividend, transfers must be lodged with the Company's Hong Kong share registrars, Computershare Hong Kong Investor Services Limited at 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 12 May 2009.

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\$75.7 million for 2008 (2007: HK\$214.1 million) which included the following two items of a non-cash nature:

- (i) a deemed income of HK\$152.0 million (2007: HK\$65.2 million) determined by independent actuaries in respect of the two defined benefit schemes operated by KMB, and recognised in KMB’s income statement in accordance with the requirement of Hong Kong Accounting Standard 19 “Employee Benefits”; and
- (ii) a deferred tax credit of HK\$38.6 million (2007: nil) arising from the adjustment to the opening deferred tax balance due to the reduction in the Hong Kong Profits Tax rate from 17.5% to 16.5% with effect from the fiscal year 2008/09.

If the abovementioned two non-cash items were excluded, KMB’s loss after taxation for 2008 would have been HK\$89.8 million, an unfavourable change of HK\$250.1 million compared to the corresponding profit after taxation of HK\$160.3 million for 2007.

KMB’s fare revenue and ridership for the year amounted to HK\$5,816.3 million (2007: HK\$5,768.8 million) and 986.5 million passenger trips (2007: 1,008.1 million passenger trips) respectively. The increase in fare revenue by 0.8% was due mainly to the fare increase of 4.5% which took effect from 8 June 2008, but was partly offset by a decrease of 2.2% in total ridership in 2008 due to intensified competition for patronage following the merger of the two local rail networks together with the offer of rail fare discounts starting from December 2007. Advertising revenue for the year amounted to HK\$90.7 million, an increase of 21.4% compared to HK\$74.7 million for the previous year. Such increase was mainly due to the renewal of advertising licence agreements with more favourable terms.

During the year, KMB's financial performance was adversely affected by historical high fuel oil prices, particularly in the first nine months of 2008. Although the price of Singapore 0.5% Sulphur Gas Oil ("Gasoil"), on which the price of the ultra-low sulphur diesel used by our franchised public bus fleets is based, eased off in the fourth quarter of 2008, the total fuel cost for the whole year of 2008 was still 35.7% or HK\$382.7 million higher than that for 2007. Together with the increase in wages and in other operating expenses, KMB's total operating expenses for 2008 rose to HK\$6,096.5 million, representing an increase of 7.2% compared to HK\$5,686.5 million for 2007.

Since 14 January 2002, KMB has continually been assigned a single "A" corporate rating (outlook: stable) by Standard & Poor's in recognition of its prudence in financial management.

A total of 399 bus routes were operated by KMB at the end of 2008. During the year, the expansion of the rail network in KMB's service areas put further pressure on our operations. In response, we continued to identify new openings for the launch of niche services.

In August and September of the 2008 Olympic year, KMB operated a new route to take spectators between University Railway Station and the Hong Kong Olympic Equestrian Venue at Sha Tin for the Olympic and Paralympic Equestrian Events. Two other routes were introduced in August to transport spectators between Fanling Railway Station (the Pak Wo Road and Fanling Station Road exits) and the Hong Kong Olympic Equestrian Venue at Beas River for the Cross Country phase of the Olympic Eventing Competition.

As at 31 December 2008, KMB operated a total of 3,933 buses (comprising 3,805 double-deck and 128 single-deck buses), of which 95.1% were air-conditioned.

Long Win Bus Company Limited ("LWB")

The profit after taxation of LWB for 2008 amounted to HK\$11.7 million (2007: HK\$17.8 million), representing a decrease of HK\$6.1 million or 34.3% compared to that for 2007.

LWB's fare revenue for the year amounted to HK\$321.3 million, representing an increase of 6.7% compared to HK\$301.2 million for 2007. During the year,

LWB recorded a total ridership of 28.9 million (a daily average of 78,890) passenger trips, an increase of 4.3% compared to 27.7 million (a daily average of 75,804) passenger trips in 2007. The increase in ridership was mainly due to the continued growth of population in Tung Chung New Town and the increase in travel demand to and from Hong Kong International Airport. The advertising revenue of LWB was amounted to HK\$1.8 million in 2008, same as 2007. LWB was granted a fare increase of 4.5% with effect from 8 June 2008 by the HKSAR Government.

LWB's total operating expenses for the year amounted to HK\$312.1 million (2007: HK\$279.0 million), an increase of HK\$33.1 million compared to 2007. In addition to the significant increase in fuel costs of HK\$24.0 million, other major operating expenses such as staff costs, tunnel tolls and depreciation charges also increased as a result of the addition of new buses to cope with the growing travel demand and to enhance service quality.

At the end of 2008, LWB operated 18 routes, the same number as in 2007. LWB continues to enhance the quality of its services to provide a more efficient and direct way for passengers to travel to and from Tung Chung and the Airport.

As at 31 December 2008, LWB operated a total of 154 air-conditioned double-deck buses and three air-conditioned single-deck buses.

Non-franchised Transport Operations

The Group's Non-franchised Transport Operations Division reported a profit after taxation of HK\$19.3 million for 2008 (2007: HK\$29.1 million), representing a decrease of 33.7% compared to that for 2007. Turnover increased by 5.2% to HK\$399.7 million for 2008 from HK\$379.9 million for 2007. 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. It provides tailor-made high quality transport services to a variety of customers. Its fleet serves large residential estates, shopping malls, major employers, theme parks, deluxe hotels, local travel agents and schools, as well as the general public through chartered hire services.

Turnover of the SBH Group for the year amounted to HK\$218.9 million, an increase of 11.2% compared to 2007. The increase was mainly due to the additional revenue generated from the expanded fleet and an increase in hire charges. However, the growth in turnover was insufficient to offset the increase in fuel costs, staff costs and other operating expenses during the year.

During 2008, the SBH Group's flagship company, Sun Bus Limited, was awarded a contract by the Airport Authority to provide quality airport-hotel coach services. As at 31 December 2008, the SBH Group had a fleet of 367 buses (2007: 360 buses). During the year, 19 buses (2007: 58 buses) were purchased for business expansion, service enhancement and fleet replacement.

In pursuit of service excellence, Sun Bus Limited obtained ISO 9001:2000 certification in November 2008 – the first commercial non-franchised bus company in Hong Kong to receive such accreditation.

Park Island Transport Company Limited (“PITC”)

PITC provides quality shuttle bus and ferry services for residents of and visitors to Park Island, a prestigious development on Ma Wan Island. As a result of the additional population intake and the increase in the number of visitors to Ma Wan Island due to the opening of Phase 1 of Ma Wan Park, the total patronage of the bus and ferry services of PITC increased by 22.7% to 9.2 million passenger trips (2007: 7.5 million passenger trips). In order to meet the increased service demand, PITC added two super-low floor single-deck buses and two coaches to its bus fleet in 2008. As at 31 December 2008, PITC operated two ferry routes and four shuttle bus routes serving Ma Wan Island, with a ferry fleet of six high-speed catamarans and an air-conditioned bus fleet of 26 buses, comprising 19 super-low floor single-deck buses, three diesel-electric single-deck buses, two coaches and two minibuses.

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) for regular commuters and holiday travellers between Lok Ma Chau in Hong Kong and Huanggang (皇崗) in Shenzhen. The opening of the Lok Ma Chau Spur Line and the Lok Ma Chau Public Transport Interchange in August 2007, and the launch of direct charter flights between

Taiwan and China Mainland in July 2008 have had a negative impact on the patronage of NHKB's cross-boundary shuttle bus service, resulting in NHKB's patronage decreasing by 26.3% from 9.5 million passenger trips in 2007 to 7.0 million passenger trips in 2008. At the end of 2008, NHKB operated a total of 15 buses, the same number as at the end of 2007.

Property Holdings and Development

Lai Chi Kok Properties Investment Limited ("LCKPI")

LCKPI is a wholly-owned subsidiary of the Group and the developer of Manhattan Hill, an upscale luxurious complex of residential towers located at 1 Po Lun Street, Lai Chi Kok, Kowloon, which is made up of 1,115 residential units with a total gross floor area of more than one million square feet and a two-level retail podium of about 50,000 square feet. In December 2007, the retail podium was transferred to another wholly-owned subsidiary of the Group, LCK Commercial Properties Limited, for development into a shopping mall for rental purposes.

Up to the end of 2007, 1,080 residential units of Manhattan Hill with a total saleable gross floor area ("saleable GFA") of about 1,119,000 square feet (representing 94.0% of the total saleable GFA) and 253 car parking spaces had been sold. In 2008, a further 27 residential units with a total saleable GFA of about 54,600 square feet (representing 4.6% of the total saleable GFA) and 98 car parking spaces were sold, generating total sales of HK\$619.0 million (2007: HK\$5,382.9 million) with an after-tax profit contribution of HK\$366.2 million (2007: HK\$3,507.7 million).

As at 31 December 2008, completed property held for sale (classified under current assets in the consolidated balance sheet) amounted to HK\$78.5 million (2007: HK\$206.3 million).

There were no outstanding bank loans in respect of the construction of Manhattan Hill as at 31 December 2008 (2007: Nil).

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. The building is currently held by the Group for its own use and was stated at cost less accumulated depreciation in the amount of HK\$37.5 million (2007: HK\$38.4 million) on its consolidated balance sheet as at 31 December 2008.

LCK Commercial Properties Limited (“LCKCP”)

LCKCP is currently the owner of the two-level retail podium of Manhattan Hill, which is set to provide Manhattan Hill residents, as well as local householders and office staff, with high quality retail facilities. With a total gross floor area of about 50,000 square feet, the new shopping mall ("Manhattan Mid-town") will be positioned as a high-end retail accommodation to complement the image of Manhattan Hill and provide a new shopping experience in the area. It is scheduled to open in the second quarter of 2009 and will generate additional rental income for the Group.

LCKCP had no capital commitment outstanding and not provided for as at 31 December 2008 (2007: HK\$45.2 million).

Media Sales Business

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

Being a leading media sales company in the Greater China region, the RoadShow Group capitalises on a vibrant advertising market consisting of bus passengers and pedestrians traversing transit vehicle routes. It sells and markets business advertising on its proprietary Multi-media On-board (“MMOB”) system in Hong Kong, offering value added media sales, products and services at competitive prices. The RoadShow Group also runs a television programme syndication and media sales network covering more than 200 cities in China Mainland.

For the year ended 31 December 2008, the RoadShow Group reported a total operating revenue of HK\$184.0 million (2007: HK\$191.6 million) and a profit attributable to equity shareholders of HK\$42.6 million (2007: HK\$49.6 million).

The total operating expenses of the RoadShow Group for 2008 amounted to HK\$141.0 million, a decrease of 1.4% compared to HK\$143.0 million for 2007.

The profit attributable to equity shareholders of the RoadShow Group comprised segment profits derived from Hong Kong operations of HK\$25.1 million (2007: HK\$25.6 million) and China Mainland operations of HK\$17.5 million (2007: HK\$24.0 million). The overall performance of the RoadShow Group in 2008 remained steady. In general, the results reflected the continuing prudent and focused expansion strategy of the RoadShow Group in both Hong Kong and China Mainland.

Further information relating to the RoadShow Group is available in its 2008 final results announcement and annual report.

Mainland Transport Operations

As at 31 December 2008, the Group's total interests in associates and jointly controlled entities within the Mainland Transport Operations Division amounted to HK\$597.2 million (2007: HK\$702.2 million). Such investments are mainly related to the operation of passenger public transport services in Dalian (大連) and Shenzhen (深圳), and taxi and car rental services in Beijing (北京).

For the year ended 31 December 2008, the Group's Mainland Transport Operations Division reported a profit of HK\$106.9 million (2007: HK\$16.2 million), which included a gain on disposal of its entire 45% equity interest in Wuxi Kowloon Public Transport Company Limited.

Summary of Investments in Mainland Transport Operations as at 31 December 2008:

Dalian

This co-operative joint venture ("CJV") in Dalian, Liaoning Province (遼寧省), was established in July 1997 by a 60% owned subsidiary of the Group and Dalian Public Transportation Group Co., Ltd (大連公交客運集團有限公司), formerly known as "Dalian City No.1 Bus Company (大連市第一公共汽車公司)". The Dalian CJV has a fleet of about 84 single-deck buses operating on three routes serving Dalian City. The business of this CJV was adversely affected by rising operating costs and intense market competition in 2008.

Beijing

Beijing Beiqi Kowloon Taxi Company Limited (北京北汽九龍出租汽車股份有限公司) ("BBKT"), a Sino-foreign joint stock company, was established in Beijing 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 Mainland investors. The Group has invested RMB80.0 million (HK\$75.5 million) in BBKT, representing an equity interest of 31.38%. BBKT principally engages in taxi hire and car rental businesses with a fleet of around 4,352 vehicles and about 4,265 employees. It made steady progress and continued to record a profit in 2008.

Shenzhen

Shenzhen Bus Group Company Limited (深圳巴士集團股份有限公司) ("SBG"), which started operating 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 RMB387.1 million (HK\$363.9 million) in SBG, representing a stake of 35%. SBG principally provides public bus, minibus and taxi services in Shenzhen City, Guangdong Province (廣東省深圳市), which includes the Shenzhen Special Economic Zone and the Bao-an (寶安) and Longgang (龍崗) areas, with about 4,182 vehicles serving some 173 routes. In 2008, it continued to make steady progress and recorded a ridership of 759.2 million passenger trips, representing an increase of 1.5% compared to 748.2 million passenger trips in 2007.

Wuxi

Wuxi Kowloon Public Transport Company Limited (無錫九龍公共交通股份有限公司) ("WKPT") was a Sino-foreign joint stock company established in Wuxi City, Jiangsu Province (江蘇省無錫市) in February 2004. The Group invested RMB135.4 million (HK\$127.2 million) for a 45% equity interest in WKPT. In 2008, following the shift of the Wuxi Government's focus on the social functionality of public transport, the Group divested the entire 45% equity interest it held in WKPT to the existing Mainland state-owned shareholder and realised a gain on such disposal.

FINANCIAL LIQUIDITY AND RESOURCES

The Group consistently adopts a prudent financial management policy in the management of its financial affairs. Its liquidity and financial resources are closely monitored to ensure that a healthy financial position is maintained such that cash inflows from operating activities together with undrawn committed banking facilities are sufficient to meet the demands for daily operational needs, loan repayments, capital expenditure and potential business expansion and development. The Group's operations are mainly financed by shareholders' funds, bank loans and overdrafts. In general, the Group's major operating companies arrange for their own financing to meet their operational and investment needs. The Group's other subsidiaries are mainly financed by the holding company from its capital base. The Group's funding strategy is regularly reviewed by management to ensure that cost-efficient and flexible funding is available to cater for the unique operating environment of each subsidiary.

The Group was in a net cash position as at 31 December 2008 and 31 December 2007. Its liquidity ratios at year end are set out below:

	2008	2007
Liquidity ratio at 31 December	2.11	2.66
<i>(the ratio of current assets to current liabilities)</i>		

The Group's net cash at 31 December 2008 amounted to HK\$1,719.0 million (2007: HK\$1,541.8 million). This increase was mainly attributable to the increase in liquid funds arising from the sales of Manhattan Hill residential units, a portion of which had been utilised as working capital and for repayment of bank loans.

At 31 December 2008, the Group had unutilised banking facilities totalling HK\$535.0 million (2007: HK\$692.0 million).

For the year ended 31 December 2008, the finance costs incurred by the Group decreased to HK\$32.6 million from HK\$118.8 million for 2007. The decrease was mainly due to the decreases in interest rates and average bank borrowings during the year. The average interest rate in respect of the Group's borrowings

for 2008 was 2.15%, a decrease of 233 basis points compared to 4.48% for 2007.

For the year ended 31 December 2008, the Group's interest income exceeded the total finance costs by HK\$88.6 million (i.e. a net interest income position) (2007: HK\$84.9 million).

CAPITAL EXPENDITURE

The Group's fixed assets in the consolidated balance sheet mainly comprise buildings, buses and other motor vehicles, vessels, buses under construction, tools and others, investment property under development, and interest in leasehold land held for own use under operating leases. None of the Group's fixed assets was pledged or charged as at 31 December 2008.

During 2008, the Group incurred capital expenditure of HK\$409.5 million (2007: HK\$451.1 million). The decrease was mainly attributable to the purchase of fewer new buses for the franchised public bus operations as result of network reorganisation.

EMPLOYEES AND REMUNERATION POLICIES

Due to the labour intensive nature of the transport industry, staff costs represent the major cost element of our operations. For the year ended 31 December 2008, total remuneration of employees of the Group (including employees of the Group's subsidiary companies on the Mainland) amounted to HK\$2,985.6 million compared to HK\$2,948.1 million for 2007. During the year, through natural attrition and continued control of the number of staff, the headcount of the Group at the year end of 2008 decreased marginally to 13,321 (2007: 13,338). The Group will continue to closely monitor and align the number and remuneration of its employees against productivity and market trends.

OUTLOOK

The financial shockwaves that have been felt around the world serve to remind us that a business which is built on a firm foundation can survive the vicissitudes of the market place. The Group has always striven to achieve sustainable business excellence based on its core strengths. We are confident that so long as we continue to focus on the values that have served us so well for the past three

quarters of a century, our future will be bright. We will continue to improve the productivity and quality of our public transport services, and at the same time explore every opportunity to increase revenue and control costs. Facing the likelihood of an economic downturn in Hong Kong in 2009, we will work harder to attract more customers to use our bus services, which represent good value for money as well as excellent quality. China Mainland is one of the very few places in the world which still has robust economic growth. We will continue to identify and evaluate opportunities in the Mainland with a view to investing in business projects that will provide us with a reasonable rate of return.

From the launch of the first sales campaign in November 2006 to the end of 2008, a total of 1,107 residential units of the Manhattan Hill development were sold. Although there are only eight residential units remaining available for sale, we expect that the renovation work on the Manhattan Hill retail podium, which has a total area of approximately 50,000 square feet, will be completed for rental purpose in the second quarter of 2009. This will provide a new income stream for the Group in the years ahead.

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.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied throughout the year ended 31 December 2008 with the code provisions set out in the Code on Corporate Governance Practices as contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed with management the accounting principles and policies adopted by the Group and discussed auditing, internal control and financial reporting matters, and also reviewed the financial results for the year ended 31 December 2008.

By Order of the Board

S.Y. CHUNG
Chairman

Hong Kong, 19 March 2009

As at the date of this announcement, the Directors of the Company are The Hon. Sir Sze-yuen CHUNG, GBM, GBE, JP as Chairman and Independent Non-executive Director; Dr. Norman LEUNG Nai Pang, GBS, JP as Deputy Chairman and Independent Non-executive Director; Dr. KUNG Ziang Mien, James, GBS, OBE (with Mr. KUNG Lin Cheng, Leo as alternate), Dr. Eric LI Ka Cheung, GBS, OBE, JP and Mr. SIU Kwing-chue, Gordon, GBS, CBE, JP as Independent Non-executive Directors; Mr. Edmond HO Tat Man as Managing Director; Mr. Charles LUI Chung Yuen, M.H. as Executive Director; Mr. KWOK Ping-luen, Raymond, JP (with Mr. YUNG Wing Chung as alternate), Mr. KWOK Ping-sheung, Walter, JP (with Mr. SO Wai Kei, Godwin as alternate), Mr. NG Siu Chan (with Ms. Winnie NG as alternate), Mr. William LOUEY Lai Kuen, Mr. John CHAN Cho Chak, GBS, JP, Ms. Winnie NG, Mr. George CHIEN Yuan Hwei and Mr. John Anthony MILLER, SBS, OBE as Non-executive Directors.

This announcement is also available on websites:

www.tih.hk

www.irasia.com/listco/hk/transport/announcement