



Transport International Holdings Limited

(incorporated in Bermuda with limited liability)

(Stock code: 062)

2007 Final Results Announcement

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

	<i>Note</i>	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Fare revenue from franchised public bus services		6,070,232	6,014,258
Revenue from non-franchised transport services		380,180	337,117
Revenue from sales of properties		5,382,928	2,133,202
Media sales revenue		180,139	219,947
Turnover	5	12,013,479	8,704,524
Other net income		267,402	155,134
Cost of properties sold		(1,360,588)	(461,140)
Staff costs		(2,945,700)	(2,979,285)
Depreciation and amortisation		(934,043)	(935,625)
Fuel and oil		(1,209,805)	(1,102,961)
Spare parts and stores		(243,902)	(230,447)
Toll charges		(332,061)	(325,987)
Selling and marketing expenses for property sales		(420,750)	(72,042)
Other operating expenses		(670,075)	(694,709)
Profit from operations		4,163,957	2,057,462
Finance costs	2	(118,756)	(106,305)
Share of profits of associates		29,380	51,718
Share of losses of jointly controlled entities		(644)	(205)
Profit before taxation	2	4,073,937	2,002,670
Income tax	3	(205,581)	(133,265)
Profit for the year		3,868,356	1,869,405
Attributable to:			
Equity shareholders of the Company		3,847,678	1,838,014
Minority interests		20,678	31,391
Profit for the year		3,868,356	1,869,405

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007
(continued)**

	<i>Note</i>	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Profit for the year attributable to equity shareholders of the Company:			
Arising from sales of properties		3,507,741	1,500,246
Arising from the Group's other operations		339,937	337,768
		<u>3,847,678</u>	<u>1,838,014</u>
Dividends attributable to the year			
Ordinary		819,388	819,388
Special		1,412,738	-
		<u>2,232,126</u>	<u>819,388</u>
Earnings per share:			
	4		
Arising from sales of properties		HK\$ 8.69	HK\$ 3.72
Arising from the Group's other operations		0.84	0.83
		<u>HK\$ 9.53</u>	<u>HK\$ 4.55</u>
Dividends per share:			
Ordinary		HK\$ 2.03	HK\$ 2.03
Special		3.50	-
		<u>HK\$ 5.53</u>	<u>HK\$ 2.03</u>

**CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2007**

	<i>Note</i>	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Non-current assets			
Fixed assets			
- Investment property under development		82,529	74,567
- Other property, plant and equipment		4,816,690	5,304,284
- Interest in leasehold land held for own use under operating leases		82,104	84,183
		4,981,323	5,463,034
Passenger service licences		13,936	7,576
Goodwill		51,578	49,204
Media assets		1,122	1,408
Non-current prepayments		38,322	47,902
Interest in associates		911,887	834,161
Interest in jointly controlled entities		22,959	22,647
Other financial assets		138,060	46,576
Employee benefit assets		602,228	536,950
Deferred tax assets		11,877	13,785
		6,773,292	7,023,243
Current assets			
Completed property held for sale		206,288	1,433,425
Spare parts and stores		76,780	72,718
Accounts receivable	6	1,707,599	2,179,273
Deposits and prepayments		30,518	98,317
Current taxation recoverable		5,917	25,278
Pledged bank deposits		38,000	39,520
Cash and cash equivalents		3,095,420	1,228,512
		5,160,522	5,077,043
Current liabilities			
Bank loans and overdrafts		436,936	1,780,150
Accounts payable and accruals	7	1,281,709	1,627,976
Third party claims payable		143,751	126,223
Current taxation payable		74,307	115,844
		1,936,703	3,650,193
Net current assets		3,223,819	1,426,850
Total assets less current liabilities		9,997,111	8,450,093

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2007
(continued)

	<i>Note</i>	2007	2006
		<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities			
Bank loans		1,154,664	2,052,500
Contingency provision – insurance		295,165	271,209
Deferred tax liabilities		701,504	758,215
Provision for long service payments		47,222	49,290
		<u>2,198,555</u>	<u>3,131,214</u>
Net assets		<u>7,798,556</u>	<u>5,318,879</u>
Capital and reserves			
Share capital		403,639	403,639
Reserves		7,145,289	4,670,551
Total equity attributable to equity shareholders of the Company		<u>7,548,928</u>	<u>5,074,190</u>
Minority interests		249,628	244,689
Total equity		<u>7,798,556</u>	<u>5,318,879</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 2007 and 2006. However, as a result of the adoption of HKFRS 7, Financial instruments: Disclosures and the amendment to HKAS 1, Presentation of financial statements: Capital disclosures, there have been some additional disclosures. Both HKFRS 7 and the amendment to HKAS 1 do not have any material impact on the classification, recognition and measurement of the amounts recognised in the financial statements.

2. Profit before taxation

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

	2007 HK\$'000	2006 HK\$'000
Finance costs:		
Interest on bank loans and overdrafts not at fair value through profit or loss	118,756	141,670
Less: borrowing costs capitalised into property under development	-	(35,365)
	<u>118,756</u>	<u>106,305</u>
Interest income on financial assets not at fair value through profit or loss	(203,607)	(40,674)
Gain on deemed disposal of partial interest in associate	(10,243)	-
Net gain on disposal of fixed assets	(5,389)	(8,007)
Gain on disposal of media assets	-	(44,043)
Net realised and unrealised gain on investments in securities carried at fair value	-	(7,786)
Dividend income from listed securities	-	(630)
	<u>-</u>	<u>(630)</u>

3. Income tax

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Current tax – Hong Kong Profits Tax		
Profits Tax for the year	258,445	193,578
Tax recoverable on resolution of tax dispute	-	(22,314)
Under/(over)-provision in respect of prior years	942	(66)
	<u>259,387</u>	<u>171,198</u>
Current tax – PRC Income Tax		
Provision for the year	997	5,025
	<u>260,384</u>	<u>176,223</u>
Deferred tax		
Origination and reversal of temporary differences	(54,803)	(42,958)
	<u>205,581</u>	<u>133,265</u>

The provision for Hong Kong Profits Tax for 2007 is calculated at 17.5% (2006: 17.5%) 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.

4. 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\$3,847,678,000 (2006: HK\$1,838,014,000) and 403,639,413 shares in issue during the years ended 31 December 2007 and 2006. 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\$3,507,741,000 (2006: HK\$1,500,246,000) and HK\$339,937,000 (2006: HK\$337,768,000) respectively and 403,639,413 shares in issue during the years ended 31 December 2007 and 2006.

(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.

5. 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 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>	
	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Revenue from external customers	6,450,412	6,351,375	180,139	219,947	5,382,928	2,133,202	-	-	12,013,479	8,704,524
Inter-segment revenue	-	-	30,491	22,968	-	-	(30,491)	(22,968)	-	-
Other revenue from external customers	36,227	31,464	2,321	2,345	-	384	-	-	38,548	34,193
Total	<u>6,486,639</u>	<u>6,382,839</u>	<u>212,951</u>	<u>245,260</u>	<u>5,382,928</u>	<u>2,133,586</u>	<u>(30,491)</u>	<u>(22,968)</u>	<u>12,052,027</u>	<u>8,738,717</u>
Segment result	<u>333,119</u>	<u>332,784</u>	<u>68,959</u>	<u>108,577</u>	<u>3,557,087</u>	<u>1,592,620</u>			<u>3,959,165</u>	<u>2,033,981</u>
Unallocated net operating income									<u>204,792</u>	<u>23,481</u>
Profit from operations									<u>4,163,957</u>	<u>2,057,462</u>
Finance costs									<u>(118,756)</u>	<u>(106,305)</u>
Share of profits less losses of associates and jointly controlled entities	16,198	45,126	12,538	6,387	-	-	-	-	28,736	51,513
Income tax									<u>(205,581)</u>	<u>(133,265)</u>
Profit after taxation									<u>3,868,356</u>	<u>1,869,405</u>

5. 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>	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Depreciation and amortisation for the year	910,920	899,452	23,123	36,173	-	-	-	-	7,658,942	9,843,476
Impairment losses										
- fixed assets	-	-	3,000	7,969	-	-	-	-		
- goodwill	-	-	-	12,487	-	-	-	-		
- media assets	-	-	-	2,100	-	-	-	-		
- trade and other receivables	234	322	55	4,870	-	-	-	-		
Segment assets	5,825,002	6,249,775	105,471	152,541	1,728,469	3,441,160	-	-	7,658,942	9,843,476
Interests in associates and jointly controlled entities	702,223	679,969	232,623	176,839	-	-	-	-	934,846	856,808
Unallocated assets									3,340,026	1,400,002
Total assets									11,933,814	12,100,286
Segment liabilities	1,218,958	1,211,608	64,091	52,539	455,652	778,562	-	-	1,738,701	2,042,709
Unallocated liabilities									2,396,557	4,738,698
Total liabilities									4,135,258	6,781,407
Capital expenditure incurred during the year	444,087	587,769	124	2,918	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.

6. Accounts receivable

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Trade and other receivables	266,086	324,897
Instalments receivable from sale of properties	1,433,751	1,855,708
Interest receivable	11,714	1,591
Less: Allowance for doubtful debts	<u>(3,952)</u>	<u>(3,718)</u>
Financial assets measured at amortised cost	1,707,599	2,178,478
Derivative financial instruments	<u>-</u>	<u>795</u>
	<u>1,707,599</u>	<u>2,179,273</u>

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:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Current	1,644,599	2,003,382
1 to 3 months past due	12,291	15,853
More than 3 months past due	<u>6,474</u>	<u>9,803</u>
	<u>1,663,364</u>	<u>2,029,038</u>

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.

7. Accounts payable and accruals

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Trade payables	201,005	253,260
Other payables and accruals	<u>1,080,704</u>	<u>1,374,716</u>
	<u>1,281,709</u>	<u>1,627,976</u>

7. Accounts payable and accruals (continued)

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

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Due within 1 month or on demand	116,044	196,850
Due after 1 month but within 3 months	84,961	54,571
Due after more than 3 months	-	1,839
	201,005	253,260

8. Comparative figures

Following the adoption of HKFRS 7, Financial instruments: Disclosures, and the amendment to HKAS 1, Presentation of financial statements: Capital disclosures, certain comparative figures have been adjusted to conform with changes in disclosures in the current year and to show separately comparative amounts in respect of items disclosed for the first time in 2007.

Further, third party claims payable of HK\$136,656,000 under current liabilities as at 31 December 2006 has been re-classified as contingency provision – insurance under non-current liabilities, to conform with the current year's presentation and to reflect the expected settlement after one year from the balance sheet date.

RESULTS

The Group's profit attributable to equity shareholders of the Company for the year ended 31 December 2007 was HK\$3,847.7 million, an increase of HK\$2,009.7 million compared to HK\$1,838.0 million for 2006. Earnings per share rose correspondingly from HK\$4.55 for 2006 to HK\$9.53 for 2007. These increases were mainly attributable to the non-recurrent after-tax profit of HK\$3,507.7 million (2006: HK\$1,500.2 million) arising from the sales of residential units and car parking spaces of Manhattan Hill by Lai Chi Kok Properties Investment Limited, a wholly-owned subsidiary of the Company. If the after-tax profits from property sales for 2007 and 2006 were excluded, the profit attributable to equity shareholders for 2007 would have been HK\$339.9 million, representing an increase of only 0.6% compared with HK\$337.8 million for 2006.

PROPOSED FINAL DIVIDEND AND SPECIAL FINAL DIVIDEND

The Board has proposed the payment to shareholders registered as at 29 May 2008 a final dividend of the same amount as that of 2006 of HK\$1.58 per share, totalling HK\$637.8 million (2006: HK\$637.8 million), for the year ended 31 December 2007. The Board has further proposed a special final dividend of HK\$2.00 per share, amounting to HK\$807.3 million (2006: Nil) to be paid out of the profits from the sales of the Manhattan Hill residential units. Together with the interim dividend of HK\$0.45 per share (2006: HK\$0.45 per share) and the special interim dividend of HK\$1.50 per share (2006: Nil) paid on 17 October 2007, total dividends for the year will amount to HK\$5.53 per share (2006: HK\$2.03 per share), totalling HK\$2,232.1 million (2006: HK\$819.4 million). Subject to the approval of shareholders at the forthcoming Annual General Meeting to be held on 29 May 2008, the final dividend will be payable on 30 May 2008.

The Transfer Books of the Company will be closed from 21 May 2008 to 29 May 2008, 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 4:00 p.m. on 20 May 2008.

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”)

The profit after taxation of KMB for the year amounted to HK\$214.1 million (2006: HK\$216.3 million), which included the deemed income of HK\$65.2 million (2006: HK\$52.1 million) determined by independent actuaries in respect of two defined benefit schemes operated by KMB. Such deemed income, which was non-cash in nature, was booked in the income statement of KMB in accordance with the requirement of Hong Kong Accounting Standard 19 “Employee Benefits”. If this non-cash item was excluded, the profit after taxation of KMB for 2007 would have been HK\$160.3 million, a decrease of 7.5% compared with HK\$173.3 million for 2006.

KMB’s fare revenue for the year amounted to HK\$5,768.8 million, an increase of 0.8% compared with that for 2006. Total ridership for 2007 was 1,008.1 million passenger trips, a slight increase of 0.02% as compared with 1,007.9 million passenger trips for 2006. The strong local economy in 2007 facilitated ridership growth for the public transport market as a whole. However, the increase in the ridership of KMB was below the market average as it continued to face intense competition from the new railways. With the continuous economic growth of Hong Kong, KMB’s advertising revenue for the year increased to HK\$74.7 million, an increase of 15.5% compared with HK\$64.7 million for the previous year.

KMB’s total operating expenses for 2007 amounted to HK\$5,621.3 million (2006: HK\$5,560.3 million), representing an increase of HK\$61.0 million compared with that for 2006. Fuel and oil costs for 2007 increased by HK\$89.2 million or 9.1% to HK\$1,071.3 million compared with HK\$982.1 million for 2006 as a result of a drastic upsurge of international fuel oil prices to a historically high level during 2007. The increase in fuel and oil costs was largely beyond KMB’s control. Nevertheless, we will continue to strive to achieve economies wherever possible.

KMB has been assigned a single “A” corporate rating (outlook: stable) by Standard & Poor’s since 14 January 2002.

KMB operated a total of 402 bus routes at the end of 2007. The expanding railway networks within KMB’s service areas have brought heavy competitive pressure on our operations. As part of our response, we have continued to seek out opportunities for new market niches. During the year, KMB launched two new routes: a regular route running between MTR Yuen Long Station and MTR Lok Ma Chau Station, and a special route connecting MTR Siu Hong Station North Public Transport Interchange and Deep Bay Link to cater for the “Hong Kong – Shenzhen Western Corridor Walk for Millions” on 15 April 2007.

As at 31 December 2007, a total of 4,047 buses (comprising 3,896 double-deck and 151 single-deck buses) was deployed for KMB services, of which 94% was air-conditioned.

Long Win Bus Company Limited (“LWB”)

The profit after taxation of LWB for the year amounted to HK\$17.8 million (2006: HK\$18.5 million), representing a decrease of HK\$0.7 million or 3.8% compared with that for 2006.

LWB’s fare revenue for the year increased by 3.4% from HK\$291.2 million for 2006 to HK\$301.2 million for 2007. The total ridership of LWB in 2007 was 27.7 million (a daily average of 75,804) passenger trips, an increase of 4.5% compared with 26.5 million (a daily average of 72,617) passenger trips in 2006. The increase was due mainly to the continued population intake at Tung Chung New Town and the increased travel demand to and from Hong Kong International Airport (including the newly opened SkyPlaza at Terminal 2) and AsiaWorld-Expo. The advertising revenue of LWB increased to HK\$1.8 million in 2007 from HK\$1.6 million in 2006.

LWB’s total operating expenses for the year amounted to HK\$278.9 million (2006: HK\$267.3 million), an increase of HK\$11.6 million compared with that for 2006. The increase was due mainly to increases in fuel costs, staff costs, tunnel toll charges, depreciation as well as other operating expenses as a result of the addition of new buses to meet growing travel demand and the enhancement of service quality. Finance costs for 2007 decreased by HK\$2.3

million to HK\$4.5 million (2006: HK\$6.8 million) due mainly to the decrease in average bank borrowings compared with the previous year.

As at the end of 2007, there were a total of 18 routes in LWB's network, the same number as a year ago. LWB will continue to enhance its service levels to provide a more efficient and direct mode of transport to commuters travelling to and from the North Lantau area.

As at 31 December 2007, LWB operated a total of 152 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\$29.1 million for 2007 (2006: HK\$29.6 million), representing a decrease of 1.7% compared with that for the previous year. Turnover increased by 12.7% from HK\$337.1 million for 2006 to HK\$379.9 million for 2007. Details of the operations of the principal business units in this Division are 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 different sectors and niche markets, including 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\$196.9 million, an increase of 24.8% compared with that for 2006. The increase was due mainly to the additional revenue generated from the expanded fleet, and the introduction of the new bus routes serving MegaBox and SkyPlaza during the year. However, the growth in turnover was partly offset by the rise in fuel costs, staff costs and other operating expenses during the year.

At 31 December 2007, the SBH Group had a fleet of 360 buses (2006: 330 buses). During the year, 58 buses (2006: 126 buses) were purchased for business expansion, service enhancement and fleet replacement.

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. For the year 2007, the total patronage of the bus and ferry services of PITC increased by 8.7% to 7.5 million passenger trips (2006: 6.9 million passenger trips). This increase was due mainly to the additional population intake of Park Island and the increase in the number of visitors to Ma Wan Island due to the opening of Phase 1 of Ma Wan Park during the year. In order to meet the increased service demand of the residents and visitors of Ma Wan Island, PITC added six new vehicles, comprising three super-low floor single-deck buses, two coaches and one minibus to its bus fleet in 2007. At 31 December 2007, PITC operated two ferry routes and four bus routes serving Ma Wan Island, with a ferry fleet of seven high-speed catamarans and an air-conditioned bus fleet comprising 17 super-low floor single-deck buses, three diesel-electric hybrid super-low floor single-deck buses, two coaches and two 28-seat mini-buses.

New Hong Kong Bus Company Limited (“NHKB”)

NHKB jointly operates a direct, economical, 24-hour cross-boundary shuttle bus service serving regular commuters and holiday travellers between Lok Ma Chau and Huanggang (皇崗) with its Shenzhen (深圳) counterpart. NHKB's patronage decreased by 5.0% from 10.0 million passenger trips for 2006 to 9.5 million passenger trips for 2007. The decrease in patronage was mainly due to the increased competition for patronage from the newly opened Lok Ma Chau Spur Line and public minibus services. At the end of 2007, NHKB operated a total of 15 buses, the same number as at the end of 2006.

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. Manhattan Hill consists of 1,115 residential units with a total gross floor area of more than one million square feet.

The sales of Manhattan Hill's residential units and car parking spaces have commenced since November 2006. In 2007, 835 residential units (2006: 245 residential units) with a total gross floor area ("GFA") of about 820,000 square feet (2006: 299,000 square feet), representing approximately 69% (2006: 25%) of the total saleable GFA, and 178 car parking spaces (2006: 75 car parking spaces) were sold. These sales generated a profit of HK\$3,507.7 million for 2007 (2006: HK\$1,500.2 million).

At 31 December 2007, completed property held for sale (classified under current assets in the consolidated balance sheet) amounted to HK\$206.3 million (2006: HK\$1,433.4 million).

There were no outstanding bank loans in respect of the construction of Manhattan Hill at 31 December 2007 (2006: HK\$1,283.0 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. 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\$38.4 million (2006: HK\$40.2 million) on the consolidated balance sheet as at 31 December 2007.

LCK Commercial Properties Limited ("LCKCP")

On 20 December 2007, the commercial accommodation of Manhattan Hill was transferred from LCKPI to LCKCP, a wholly-owned subsidiary of the Group. LCKCP is currently the owner of the two-level retail podium of Manhattan Hill, which will be developed into a shopping mall with about 50,000 square feet for rental purpose. LCKCP had capital commitment of HK\$45.2 million (2006: Nil) as at 31 December 2007.

Media Sales Business

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

The RoadShow Group is a leading media sales company in the Greater China region. The RoadShow Group capitalises on a vibrant advertising market that

consists of passengers who use public transit vehicles and pedestrians traversing transit vehicle routes, selling and marketing business advertising on its proprietary Multi-media On-board (“MMOB”) system in Hong Kong and offering value added media sales, products and services at competitive prices. The RoadShow Group also runs a television programme syndication and media sales network in Mainland China covering more than 200 cities.

For the year ended 31 December 2007, the RoadShow Group reported a total operating revenue of HK\$191.6 million (2006: HK\$266.4 million) and a profit attributable to equity shareholders of HK\$49.6 million (2006: HK\$30.8 million).

The total operating expenses of the RoadShow Group for 2007 amounted to HK\$143.0 million, a decrease of 31.7% compared to HK\$209.4 million for 2006.

The profit attributable to equity shareholders of the RoadShow Group comprised segment profits derived from Hong Kong operations of HK\$25.6 million (2006: HK\$7.3 million) and China Mainland operations of HK\$24.0 million (2006: HK\$23.5 million). The overall performance in 2007 remained steady. In general, the results reflected the continuing prudent and focused expansion strategy of the RoadShow Group in both Hong Kong and the China Mainland.

Further information relating to the RoadShow Group is available in its 2007 final results announcement and annual report.

Mainland Transport Operations

At 31 December 2007, the Group’s total interests in associates and jointly controlled entities within the Mainland Transport Operations Division amounted to HK\$702.2 million (2006: HK\$680.0 million). Such investments are mainly related to the operation of passenger public transport services in Dalian (大連), Wuxi (無錫) and Shenzhen (深圳), and taxi and car rental services in Beijing (北京). For the year ended 31 December 2007, the Group’s Mainland Transport Operations Division reported a profit of HK\$16.2 million, representing a decrease of HK\$28.9 million or 64.1% compared to HK\$45.1 million for 2006. The decrease was mainly due to the increases in the fuel expenses and staff costs of our associates on the Mainland.

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 City No.1 Bus Company (大連市第一公共汽車公司). The Group’s net investment in the CJV was HK\$12.0 million as at 31 December 2007 (2006: HK\$12.0 million). The Dalian co-operative joint venture has a fleet of about 84 single-deck buses operating on three routes serving Dalian City. The business of this CJV remained stable in 2007.

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 4,300 vehicles and about the same number of employees. It made steady progress and continued to record a profit in 2007.

Wuxi

Wuxi Kowloon Public Transport Company Limited (無錫九龍公共交通股份有限公司) (“WKPT”) is a Sino-foreign joint stock company in which the Group has 45% interest, was established in Wuxi City, Jiangsu Province (江蘇省無錫市) in February 2004. The Group has invested RMB135.4 million (HK\$127.2 million) in WKPT. WKPT currently operates around 1,859 public buses serving some 128 routes. WKPT recorded a ridership of 277.8 million passenger trips for 2007, representing an increase of 2% compared with 2006. It made steady progress and continued to record a profit for the year ended 31 December 2007.

Shenzhen

Shenzhen Bus Group Company Limited (深圳巴士集團股份有限公司) (“SBG”), which commenced operation 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 4,248 vehicles serving some 175 routes. It recorded a ridership of 748.2 million passenger trips for 2007, representing an increase of 8% compared to 2006. The profit of SBG significantly declined in 2007 due mainly to intense competition from the underground railway and a heavier cost burden resulting from the continuous upsurge of fuel prices.

FINANCIAL LIQUIDITY AND RESOURCES

Under the principle of prudent financial management, the Group closely monitors its liquidity and financial resources 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 requirements for loan repayments, daily operational needs, capital expenditure, as well as potential business expansion and development. The Group's operations were mainly financed by shareholders' funds, bank loans and overdrafts. Major operating companies of the Group arrange for their own financing to meet their operational and investment requirements. The Group's other subsidiaries are mainly financed by the holding company from its capital base. The Group reviews its funding strategy from time to time to ensure that cost-efficient and flexible funding is available to cater for the unique operating environment of each subsidiary.

The gearing ratios and liquidity ratios of the Group at 31 December 2007 and 2006 are set out below:

	2007	2006
Gearing ratio at year-end <i>(the ratio of net borrowings to the total share capital and reserves attributable to equity shareholders of the Company)</i>	Net cash	0.51
Liquidity ratio at year-end <i>(the ratio of current assets to current liabilities)</i>	2.66	1.39

The Group's net cash at 31 December 2007 amounted to HK\$1,541.8 million (2006: net borrowings of HK\$2,564.6 million). This was attributable to the increase in liquid funds arising from the sales of Manhattan Hill residential units, a portion of which has been utilised to repay all the bank loans in respect of the construction of Manhattan Hill.

At 31 December 2007, the Group had unutilised banking facilities totalling HK\$692.0 million (2006: HK\$1,254.0 million).

For the year ended 31 December 2007, the finance costs incurred by the Group increased to HK\$118.8 million from HK\$106.3 million for 2006. The increase was due mainly to the increase in average bank borrowings during the year and the rise in interest rates. The average interest rate in respect of the Group's borrowings for 2007 was 4.48%, an increase of 14 basis points compared with 4.34% for 2006.

Interest cover, representing the ratio of profit before finance costs and taxation divided by net finance costs (i.e. total finance costs less interest income), was 32.1 times in 2006. For the year ended 31 December 2007, the Group's interest income exceeded the total finance costs by HK\$84.9 million (i.e. a net interest income position).

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 2007.

During 2007, the Group incurred capital expenditure of HK\$451.1 million (2006: HK\$588.2 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

As the provision of transport services is labour intensive, staff costs account for a substantial portion of the total cost of the Group. For the year ended 31 December 2007, the total remuneration of employees of the Group (including employees of the Group's subsidiary companies on the Mainland) amounted to HK\$2,945.7 million compared with HK\$2,979.3 million for 2006. During the year, through natural attrition and continued control of the number of staff to align with the saving in manpower resulting from the implementation of various bus network reorganisation programmes, the headcount of the Group at the year-end of 2007 decreased marginally to 13,338 (2006: 13,425). The Group will continue to closely monitor and align the number and remuneration of its employees against productivity and market trends.

OUTLOOK

The Group faced some significant challenges during the year. The railways launched in recent years by the Kowloon-Canton Railway Corporation (West Rail, Ma On Shan Rail and Tsim Sha Tsui Extension) and the MTR Corporation Limited (Tseung Kwan O Line) stimulated intense competition for patronage with KMB. This competition is set to grow further following the formal merger of the two rail networks together with the offer of rail fare discounts starting from December 2007 and the new rail infrastructural projects to be implemented in the years ahead. Our response to this challenge has been to continue the timely rationalisation of our franchised public bus services network and to find innovative ways to stimulate growth, efficiency and performance quality.

However, it is likely that we will continue to be faced with the pressure of high oil prices and inflation in the foreseeable future.

Although sales of the residential flats at Manhattan Hill are nearly coming to a close, this does not mean the end of our involvement in the development. We will retain the two-level retail podium of Manhattan Hill with a total area of around 50,000 square feet for rental income.

Despite a background of intensifying competition and rising operating costs, we are maintaining our vision of being an innovative and international Group seeking opportunities across the Greater China region. We believe that teamwork and innovation will continue to lead us to greater efficiency, cost effectiveness, service excellence and preservation of the environment, which in turn will allow TIH to remain a world-class provider of public transport and related services.

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 2007 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 2007.

By Order of the Board

S.Y. CHUNG

Chairman

Hong Kong, 20 March 2008

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. John CHAN Cho Chak, GBS, JP as Managing Director; Mr. Charles LUI Chung Yuen, M.H., Ms. Winnie NG and Mr. Edmond HO Tat Man as Executive Directors; Mr. KWOK Ping-luen, Raymond, JP (with Mr. YUNG Wing Chung as alternate), Mr. KWOK Ping-sheung, Walter, JP (with Ms. WONG On Ning, Orlena as alternate), Mr. NG Siu Chan (with Ms. Winnie NG as alternate), Mr. William LOUEY Lai Kuen, Mr. George CHIEN Yuan Hwei and Mr. John Anthony MILLER, OBE, JP as Non-executive Directors.

This announcement is also available on websites:

www.tih.hk

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