

## TRANSPORT INTERNATIONAL HOLDINGS LIMITED

### 2008 ANNUAL GENERAL MEETING

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At the Annual General Meeting of Transport International Holdings Limited (TIH) today (Thursday, 29 May 2008), the Group's Chairman, Sir Sze-yuen Chung, reported the financial results for 2007. For the year ended 31 December 2007, the Group's profit attributable to equity shareholders amounted to HK\$3,847.7 million, an increase of 109% compared with HK\$1,838.0 million for 2006. Earnings per share rose correspondingly from HK\$4.55 for 2006 to HK\$9.53 for 2007. The increase in earnings was mainly attributable to the non-recurrent profit of HK\$3,507.7 million arising from the further sales of 835 residential units of Manhattan Hill during the year by Lai Chi Kok Properties Investment Limited, a wholly-owned subsidiary within the Group's Property Holdings and Development Division.

The Directors have proposed a final dividend for 2007 of HK\$1.58 per share, the same as that for 2006. The Directors have further proposed a special final dividend of HK\$2.00 per share 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 and the special interim dividend of HK\$1.50 per share paid on 17 October 2007, total dividends for the year 2007 will amount to HK\$5.53 per share.

Sir Sze-yuen said, "In marked contrast to the outstanding results achieved from property sales, the operating environment for our franchised public bus operations in 2007 and the first five months of 2008 was extremely tough. Following the rising trend in 2006, international fuel oil prices continued to surge in 2007, resulting in a further drastic increase in fuel costs, the main operating cost of our franchised public bus operations, to the historically high level of over HK\$1.1 billion. It should be remembered that when The Kowloon Motor Bus Company (1933) Limited ("KMB") had its last fare increase in 1997, the average price of Singapore 0.5% Sulphur Gasoil ("Gasoil"), on which the prices of ultra-low sulphur diesel used by our franchised public buses are based, was only US\$24 per barrel. However, the average price of the Gasoil soared to US\$85 per barrel in 2007, and has further surged to US\$138 per barrel in April 2008, and the rising trend is still continuing. Rising oil prices, coupled with increased staff salaries, tunnel tolls and insurance costs, resulted in a significant decrease in the profits of both KMB and Long Win Bus Company Limited ("LWB"). In order to maintain the financial viability and the existing service levels of our franchised bus operations against the uncontrollable trend of rising costs, KMB and

LWB submitted applications to the HKSAR Government in September 2007 for a fare increase of 9.0% and 5.9% respectively based on the assumption that the average Gasoil price would be at US\$85 per barrel for the years 2008 and 2009, which is far below the current Gasoil price of US\$160 per barrel."

"On 20 May 2008, the HKSAR Government announced the approval of a fare increase of only 4.5% for KMB and LWB with effect from 8 June 2008. Hence, the operating environment for our franchised bus operations will be even more difficult."

On the back of a strong economy and property market, the Group's non-franchised transport businesses in Hong Kong operated under the Sun Bus Holdings Group showed a steady growth in revenue and earnings in 2007. However, the financial performance of its joint venture transportation operations in the Mainland cities of Beijing, Shenzhen, Wuxi and Dalian was impacted by high oil prices and increases in staff costs, resulting in a decrease in profit for 2007. As for the RoadShow Group, its net profit attributable to shareholders for 2007 increased by 61% compared to that for the previous year.

The new railways commissioned in recent years have stimulated intense competition for patronage with KMB. This competition is set to grow further following the rail merger together with the offer of rail fare discounts that came into effect on 2 December 2007 and the new rail infrastructural projects to be implemented in the years ahead. The Group's 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 the Group will continue to be faced with tremendous pressure from high oil prices and inflation in the foreseeable future.

Sir Sze-yuen said, "Despite a background of intensifying competition and rising operating costs, we will continue to strive to become an innovative and international Group seeking opportunities across the Greater China region. We believe that teamwork and innovation will continue to bring about greater efficiency, cost effectiveness, service excellence and preservation of the environment."

"On reaching the retirement age of 65 in April 2008, Mr. John CHAN Cho Chak retired from the executive positions as Managing Director of TIH and Senior Executive Director of KMB and LWB. On behalf of the Board, I would like to express our heartfelt thanks for his outstanding service and the invaluable contribution he has made to the Group since he joined KMB in 1993. During his long period of service, Mr. Chan transformed our Company into a modern, diversified group

operating a range of businesses in Hong Kong and on the mainland of China. In addition, he instigated the birth of the wheelchair-accessible, super-low floor double-deck bus, which has now become the industry standard. I am very pleased that Mr. Chan is willing to continue to serve the Group in the capacity as a Non-executive Director of TIH, KMB and LWB. Mr. Edmond HO Tat Man, the former Deputy Managing Director, has succeeded Mr. Chan as Managing Director of TIH with effect from 8 April 2008."

Sir Sze-yuen added, "I would like to thank the management team, as well as our highly committed staff, for their inspiring contribution. I look forward to continuing to work with the team to build a stronger and more diversified organisation with each passing year, allowing the TIH Group to remain a world-class provider of public transport and related services."

(29 May 2008)