

At the 2011 Annual General Meeting of Transport International Holdings Limited (TIH) today (Thursday, 19 May 2011), the Group's Chairman, Sir Sze-yuen Chung, reported the financial results for 2010. For the year ended 31 December 2010 the Group's profit attributable to equity shareholders was HK\$866.9 million, an increase of 28.7% compared to HK\$673.5 million for 2009. The profit for 2010 included the non-recurrent capital gain of HK\$489.1 million arising from the disposal of 50% of the Group's interest in an industrial site at Kwun Tong in January 2010.

The Board has proposed an ordinary final dividend of HK\$1.05 per share. Together with the ordinary interim dividend of HK\$0.30 per share paid on 18 October 2010, total dividends for the year will amount to HK\$1.35 per share.

Sir Sze-yuen said, "The operating environment for the Group's franchised public bus business operated by KMB and LWB in 2010 was challenging. Total fare revenue of KMB decreased by 1.7% as compared with 2009. The decrease was mainly attributed to a drop in ridership of 1.9% over 2009 caused by the expansion of the rail network. Total operating expenses for the year, however, increased by 3.3% over the same period. This increase owed much to the year-on-year increase in fuel costs of 21.9% resulting from the significant upsurge in international fuel oil prices. As for LWB, its total ridership in 2010 increased by 4.4%, which was attributed to the continual growth of population in Tung Chung, the rise in travel demand to and from Hong Kong International Airport, and the holding of the "Animated version of Riverside Scene at Qingming Festival" exhibition at AsiaWorld-Expo in November 2010. These positive factors, however, could not counterbalance the increase in fuel costs, toll charges and other operating expenses. As such, both KMB and LWB saw a decrease in profit in 2010."

"In order to maintain the financial viability and the existing service levels of our franchised bus operations against the largely uncontrollable trend of rising costs, KMB and LWB submitted applications to the Government of the Hong Kong Special Administrative Region on 30 July 2010 for a fare increase of 8.6% and 7.4% respectively. On 19 April 2011, the HKSAR Government granted a fare increase of 3.6% and 3.2% for KMB and LWB respectively with

effect from 15 May 2011. We are disappointed with the approved rate of fare increase as it is insufficient even to offset the cost burden arising from the surge in fuel prices alone. In other words, KMB's revenue after the fare increase will still be insufficient to meet soaring operating costs." Sir Sze-yuen said.

The Group's non-franchised transport businesses, including Sun Bus Holdings Limited and its subsidiaries, reported steady growth in 2010. The Group's joint venture transport companies in Beijing and Shenzhen continued to show stable performance.

"In the face of escalating cost pressure, mainly driven by the continued increase in fuel oil prices and rising inflation, and the expanding rail network, we expect the operating environment of KMB and LWB to be increasingly challenging in 2011. We will respond to these challenges by improving cost efficiency through proposing additional rationalisation plans for routes with low demand while increasing the service on routes with growing demand." Sir Sze-yuen said.

The residential units of the Manhattan Hill development have nearly all been sold in an improving residential market, providing the Group with a net cash position. The Manhattan Mid-town shopping mall with a total area of approximately 50,000 square feet was completely leased out in 2010 and will continue to provide the Group with a steady income stream.

The redevelopment of the Group's industrial site at 98 How Ming Street, Kwun Tong, is ongoing under the project management of Sun Hung Kai Real Estate Agency Limited. The Group's industrial building at 1 Kin Fung Circuit, Tuen Mun, has been leased out since March 2011 to generate additional rental income.

Sir Sze-yuen added, "I would like to thank my fellow Board members, our dedicated management team and staff at every level for their continued contributions to the success of the Group."



TRANSPORT INTERNATIONAL HOLDINGS LIMITED 2011 ANNUAL
GENERAL MEETING

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