Transport International Holdings Limited 2017 Annual General Meeting

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At the 2017 Annual General Meeting of Transport International Holdings Limited ("TIH") held today, the Group's Chairman, Dr. Norman Leung Nai Pang, reported the financial results for 2016. The Board has recommended an ordinary final dividend of HK$0.90 per share payable on 30 June 2017. Together with the ordinary interim dividend of HK$0.35 per share paid on 18 October 2016, the total dividend for the year will be HK$1.25 per share, an increase of 4.2% compared with 2015.

Dr. Leung said, "The Group's profit attributable to equity shareholders for the year ended 31 December 2016 was HK$830.9 million, an increase of 32.2% as compared with 2015."

The Kowloon Motor Bus Company (1933) Limited ("KMB"), the Group's flagship subsidiary company, recorded a profit after taxation of HK$617.7 million, representing an increase of 26.5% as compared with 2015. The improvement in results was mainly due to the increase in fare revenue as well as a decrease in operating expenses. The increase in fare revenue was mainly attributable to enhancements in bus service reliability and efficiency, which led to a patronage growth of 2.2%. The decrease in operating expenses was mainly attributable to the reduction in fuel costs resulting from the fall in international fuel prices and the decrease in fuel consumption through continuous improvements in operating efficiency, which more than compensated for the effects of the annual pay rise along with general inflation.

As for Long Win Bus Company Limited ("LWB"), its profit after taxation for 2016 was HK$31.2 million, a decrease of 45.3% compared with 2015. In 2016, LWB's patronage continued to improve, leading to an increase in fare revenue of 4.6% compared to 2015. In order to capture the business growth opportunities arising from the development of Lantau Island and the northern New Territories, investment was made in service improvements as well as in new buses. Although this contributed to an increase in operating costs for 2016, these improvements will enhance LWB's performance in the years to come.

Dr. Leung said, "The Group adopted an innovative approach as it continued to explore new possibilities in bus service operations and passenger service, with the aim of opening up more business opportunities for shareholders. These innovation included the launch of an unprecedented bus-bus interchange concession scheme between LWB's A-routes and KMB's bus routes, thereby offering benefits and convenience to the passengers of these two bus networks. In addition, we implemented many new initiatives, including organising a lucky draw to encourage passengers to take KMB and LWB buses. New concepts were also applied to existing bus routes, such as promoting Route 6 as a special route for tourists."

The Group also launched the new version of the smartphone app, "App 1933", which features enhanced bus estimated time of arrival and route finder functions, as well as new functions such as Live Chat between passengers and customer service representatives, a nearby bus-stop display, and a bus alighting alert. The utilisation rate of the app is encouraging and the Group is developing more functions for passengers' convenience. It is hoped that App 1933 will become an indispensable feature of everybody's smartphone.

The Group's Non-franchised Transport Division, with Sun Bus Limited as its flagship company, saw continued improvement in its financial performance in 2016, reporting a profit after taxation of HK$55.4 million, representing an increase of 12.6% compared to 2015. In the China Mainland Transport Operations Division, the Group's joint ventures in Beijing and Shenzhen remained profitable in 2016. The media sales businesses operated by RoadShow Group, however, recorded a loss attributable to shareholders of HK$45.3 million, mainly attributable to the recognition of an impairment loss on property, plant and equipment of HK$22.9 million.

Benefiting from a rent increase and an increase in the floor area leased out, the Group's Property Holdings and Development Division reported a profit after taxation of HK$45.6 million in 2016, representing an increase of 19.4% compared to 2015. In respect of the redevelopment project at How Ming Street, Kwun Tong, Kowloon, in which the group owns a 50% interest, the land premium for rezoning from industrial use to non-residential use was settled in 2016. The site will be redeveloped into an office and retail complex, and is expected to generate additional rental income for the Group in future years.

Dr. Leung added, “KMB has been granted a new ten-year franchise by the Government, effective from 1 July 2017. KMB remains committed to providing safe and quality bus services to the public. To further enhance service quality and meet passenger needs, KMB will make an expected investment of approximately HK$3.8 billion over a five-year period towards renewing its bus fleet, offering a free Wi-Fi service in its bus compartments, upgrading ancillary facilities at bus stops, setting up more shelters, providing display panels on the lower deck showing vacancies on the upper deck, upgrading barrier-free facilities and introducing community hospital routes.”

In addition, KMB will introduce more fare concession schemes, including more bus-bus interchange concessions, a long-haul route fare concession scheme for full-time students and a bus-tram interchange fare concession jointly offered with Hong Kong Tramways Limited. In addition, it will align the fares of short-haul trips on inter-district routes with the fares of its shuttle bus routes.

Dr. Leung concluded, ¨The Group’s continuing success depends on the concerted effort of staff at all levels. I would therefore like to express my heartfelt thanks to each and every member of the Group.”

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(18 May 2017)