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TRANSPORT INTERNATIONAL HOLDINGS LIMITED

(載通國際控股有限公司)*

(incorporated in Bermuda with limited liability)

(Stock Code: 062)

CONTINUING CONNECTED TRANSACTIONS

SUMMARY

On 27 December 2006, the Group has entered into the Insurance Arrangements with SHKI, a wholly-owned subsidiary of SHKP, pursuant to which SHKI will provide insurance coverage and services to the Group. The insurance policies entered into pursuant to the Insurance Arrangements will commence on 1 January 2007 and will last for one year from the effective date of the policies.

As at the date of this announcement, SHKP is a substantial shareholder holding approximately 33% interest in the Company. Since SHKI is a wholly-owned subsidiary of SHKP, SHKI is an associate of SHKP and thus a connected person of the Company under the Listing Rules. The transactions contemplated under the Insurance Arrangements therefore constitute continuing connected transactions of the Company under the Listing Rules. In respect of the annual insurance premium payable under the Insurance Arrangements, as each of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules is on annual basis less than 2.5%, under Rule 14A.34 of the Listing Rules, the transactions contemplated under the Insurance Arrangements are only subject to the annual review requirements as set out in Rules 14A.37 to 14A.40 of the Listing Rules as well as reporting and announcement requirements set out in Rules 14A.45 and 14A.47 of the Listing Rules, and are exempt from the independent shareholders' approval requirement.

Details of the Insurance Arrangements will be published in the Company's next annual report in accordance with Rule 14A.45 of the Listing Rules.

DETAILS OF THE INSURANCE ARRANGEMENTS

1. Background and description of the Insurance Arrangements

The Group has entered into various insurance policies with SHKI. Transactions under such insurance policies constituted continuing connected transactions of the Company, and details of the transactions were disclosed in an announcement of the Company dated

28 May 2004 (the “Previous Announcement”). Estimated annual insurance premium which would be payable by the Group for the three financial years ended 31 December 2004, 2005 and 2006 were also set out in the Previous Announcement.

On 27 December 2006, the Group entered into various insurance policies with SHKI pursuant to which the Group will maintain insurance coverage with SHKI, and such insurance policies will take effect on 1 January 2007. The types of insurance covered or to be covered include motor vehicles (including third party and passengers’ liability), commercial vehicles, private vehicles, motor trade, money, employees compensation, fidelity guarantee, public liability, low voltage and electronic equipment, marine cargo, fire insurance etc. The insurance policies will last for one year from the effective date of the policy. The payments of premium under the insurance policies are usually made either in one installment immediately after the relevant policy is entered into; or in two installments, with the first one being made at the beginning of the term of the relevant policy and the second one being made in the middle of the term.

2. Historical amounts and the proposed cap for the continuing connected transactions

The annual insurance premium paid by the Group to SHKI for the two financial years ended 31 December 2004 and 2005 were HK\$93,138,000 and HK\$80,174,000 respectively as disclosed in the annual report of the Company, and it is estimated that the annual insurance premium paid and payable by the Group to SHKI for the financial year ending 31 December 2006 shall not exceed HK\$82,000,000.

In respect of the annual insurance premium payable by the Group under the Insurance Arrangements, it is estimated that the annual insurance premium payable by the Group to SHKI for the financial year ending 31 December 2007 shall not exceed HK\$82,000,000. Such cap is determined mainly based on the estimated growth of business of the Group, the estimated number of motor vehicles on which business of the Group will be conducted, the estimated number of staff employed, the estimated value of fixed assets for which insurance coverage will be required and the trend of increase in insurance premium over the past five years. The terms and conditions of insurance policies maintained by the Group with SHKI as insurer shall be no less favourable than those offered by third parties insurers in respect of similar type of risk insured if such comparison is available; or be comparable to the terms and conditions of the insurance policies maintained by other third parties with SHKI in respect of similar type of risk insured. The annual insurance premium payable by the Group under the Insurance Arrangements will be satisfied by internal resources.

REASONS FOR ENTERING INTO THE INSURANCE ARRANGEMENTS

The Group is principally engaged in the operation of both franchised and non-franchised public transportation, property holdings and development and the provision of media sales services in Hong Kong and on the Mainland while SHKI is engaged in the provision of insurance coverage and services. The Directors consider that SHKI is familiar with the Group’s operations and its experience in dealing with the Group will enhance the efficiency and effectiveness of the Insurance Arrangements. The policies under the Insurance

Arrangements were awarded through tendering process. Since the terms offered by SHKI are the best among the other independent bidders, the insurance policies were awarded to SHKI. The Directors consider that due to the aforesaid reasons and on the basis that the Insurance Arrangements will be conducted on normal commercial terms, negotiated on an arm's length basis and the insurance premiums payable by the Group will be on market rates, it is in the interest of the Group to leverage on the expertise of SHKI in the area of provision of insurance coverage and services.

The Directors (including the independent non-executive Directors) consider that the entering into the Insurance Arrangements is in the ordinary and usual course of business of the Group and the terms of the Insurance Arrangements are on normal commercial terms which were arrived at after arm's length negotiations between the parties concerned. The insurance premiums payable by the Group pursuant to the Insurance Arrangements will be determined with reference to the prevailing market rates. The Directors consider that the terms of the Insurance Arrangements are fair and reasonable and in the interests of the Group and the shareholders of the Company as a whole.

The entering into the Insurance Arrangements was approved by the Board of the Company at the meeting of the Board held on 21 December 2006. The Hon. Sir Sze-yuen Chung, Mr. Yung Wing Chung (alternate director to Mr. Kwok Ping-luen, Raymond and Mr. Kwok Ping-sheung, Walter) and Dr. Eric Li Ka Cheung had declared their respective interests at the aforesaid meeting, and abstained from voting on the matters in relation to the Insurance Arrangements.

INFORMATION OF THE COMPANY, THE GROUP AND SHKI

The principal activity of the Company is investment holdings. The principal activities of the Group are the operation of both franchised and non-franchised public transportation, property holdings and development and the provision of media sales services in Hong Kong and on the Mainland.

SHKI is principally engaged in the provision of insurance coverage and services in Hong Kong.

CONTINUING CONNECTED TRANSACTIONS

SHKP is a substantial shareholder holding approximately 33% interest in the Company. Since SHKI is a wholly-owned subsidiary of SHKP, SHKI is an associate of SHKP and thus a connected person of the Company under the Listing Rules. The transactions contemplated under the Insurance Arrangements therefore constitute continuing connected transactions of the Company under the Listing Rules. In respect of the annual insurance premium payable under the Insurance Arrangements, as each of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules is on annual basis less than 2.5%, under Rule 14A.34 of the Listing Rules, the transactions contemplated under the Insurance Arrangements are only subject to the annual review requirements as set out in Rules 14A.37 to 14A.40 of the Listing Rules as well as reporting and announcement requirements set out in Rules 14A.45 and 14A.47 of the Listing Rules, and are exempt from the independent shareholders' approval requirement.

Details of the Insurance Arrangements will be published in the Company's next annual report in accordance with Rule 14A.45 of the Listing Rules.

DEFINITIONS

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Transport International Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars
“Hong Kong”	The Hong Kong Special Administrative Region of the People's Republic of China
“Insurance Arrangements”	the various insurance policies entered into by the Group with SHKI which shall take effect on or after 1 January 2007, details of which are disclosed under the paragraph headed “Details of the Insurance Arrangements” of this announcement
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“SHKI”	Sun Hung Kai Properties Insurance Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of SHKP
“SHKP”	Sun Hung Kai Properties Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under Section 2 of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)

By order of the Board
Lana Woo
Company Secretary

Hong Kong, 28 December 2006

As at the date of this announcement, the Board is comprised of 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, Mr. LUI Pochiu 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 Mr. YUNG Wing Chung as alternate), Mr. NG Siu Chan, Mr. William LOUEY Lai Kuen and Mr. George CHIEN Yuan Hwei as Directors.

** For identification purpose only*

Please also refer to the published version of this announcement in South China Morning Post and Hong Kong Economic Journal.