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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 : 62)

### **CONTINUING CONNECTED TRANSACTIONS**

#### **SUMMARY**

On 23 October 2013, the Group 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 take effect from 1 January 2014 to 30 June 2015.

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 Chapter 14A of 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 an annual basis less than 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 the reporting and announcement requirements as set out in Rules 14A.45 to 14A.47 of the Listing Rules, and are exempt from the independent shareholders' approval requirement.

Details of the Insurance Arrangements will be included 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**

On 18 October 2012, the Group entered into various insurance policies with SHKI as insurer. Transactions under such insurance policies constituted continuing connected transactions of the Company, and details of such transactions as well as the estimated annual insurance premium payable by the Group for the year ending 31 December 2013 were disclosed in an announcement of the Company dated 18 October 2012. Such insurance policies will expire on 31 December 2013.

On 23 October 2013, the Group entered into various insurance policies of similar nature to the aforesaid ones with SHKI as insurer pursuant to which the Group will maintain insurance coverage with SHKI, and such insurance policies will take effect from 1 January 2014 to 30 June 2015. 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, marine cargo, fire insurance, etc. Premium settlement for all policies will be subject to three equal installments due on 1 January 2014, 1 July 2014 and 1 January 2015 respectively except motor liability policies which will be subject to three equal installments due on 1 January 2014, 1 June 2014 and 1 January 2015 respectively.

### **2. Historical transaction amounts and the proposed caps for the continuing connected transactions**

The annual insurance premiums paid by the Group to SHKI for the two years ended 31 December 2011 and 31 December 2012 were HK\$71,134,000 and HK\$68,675,000 respectively as disclosed in the annual reports 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 2013 will amount to approximately HK\$71,000,000.

In respect of the insurance premium payable by the Group under the Insurance Arrangements, it is estimated that such insurance premium payable by the Group to SHKI for the year ending 31 December 2014 and the six-month period ending on 30 June 2015 shall not exceed HK\$86,000,000 and HK\$43,000,000 respectively. Such cap amounts are determined mainly with reference to 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 insurance premium rates as specified under the Insurance Arrangements. The increase in the estimated insurance premium for the year ending 31 December 2014 compared to that for 2013 is mainly due to the substantial increase in the employees' compensation insurance premium as a result of rising compensation claims. The terms and conditions of insurance policies maintained by the Group with

SHKI as insurer shall be no less favourable to the Group than those offered by third parties insurers in respect of similar type of risk insured if such comparison is available; or shall be comparable to the terms and conditions of the insurance policies maintained by other third parties with SHKI as insurer in respect of similar type of risk insured. The insurance premium payable by the Group under the Insurance Arrangements will be satisfied by internal resources.

## **REASONS AND BENEFITS 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 Mainland China, while SHKI is engaged in the provision of insurance coverage and services. The Directors (including the independent non-executive 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 and the Insurance Arrangements were entered into in the ordinary and usual course of business of the Group. The Directors consider that due to the aforesaid reasons and on the basis that the Insurance Arrangements will be conducted on normal commercial terms and the insurance premiums payable by the Group will be on market rates, it is in the interest of the Group to rely 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 terms of the Insurance Arrangements are on normal commercial terms, fair and reasonable and in the interests of the Group and the shareholders of the Company as a whole.

## **INFORMATION OF THE GROUP AND SHKI**

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 Mainland China.

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 Chapter 14A of 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 an annual basis less than 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 the reporting and announcement requirements as set out in Rules 14A.45 to 14A.47 of the Listing Rules, and are exempt from the independent shareholders' approval requirement.

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

As Mr. KWOK Ping-luen, Raymond (a director of the Company) is materially interested in the Insurance Arrangements by virtue of his deemed interest under the Securities and Futures Ordinance in more than 5% of the issued shares of SHKP and the interest of Dr. KWOK Ping-sheung, Walter (a director of the Company) in the issued shares of SHKP is pending resolution, both of their respective alternate directors who attended the relevant Board meeting in their absence have abstained from voting on the Board resolution approving the Insurance Arrangements. Save as disclosed above, none of the other Directors has any material interests in the Insurance Arrangements.

## **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 on 23 October 2013 which shall take effect on 1 January 2014 and expire on 30 June 2015, details of which are set out in the paragraph with the heading “Details of the Insurance Arrangements” in 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 the Listing Rules

By order of the Board  
**Lana Woo**  
*Company Secretary*

Hong Kong, 23 October 2013

The Directors of the Company as at the date of this announcement are:

Independent Non-executive Directors:

Dr. Norman LEUNG Nai Pang, *GBS, JP* (Chairman)

Dr. John CHAN Cho Chak, *GBS, JP* (Deputy Chairman)

Dr. Eric LI Ka Cheung, *GBS, OBE, JP*

Mr. Gordon SIU Kwing Chue, *GBS, CBE, JP*

Professor LIU Pak-wai, *SBS, JP*

Non-executive Directors:

Mr. Raymond KWOK Ping-luen, *JP* (Mr. Roger LEE Chak Cheong as his alternate)

Dr. Walter KWOK Ping-sheung, *JP* (Mr. Godwin SO Wai Kei as his alternate)

Mr. NG Siu Chan (Ms. Winnie NG as his alternate)

Mr. William LOUEY Lai Kuen

Ms. Winnie NG

Mr. John Anthony MILLER, *SBS, OBE*

Executive Directors:

Mr. Edmond HO Tat Man (Managing Director)

Mr. Charles LUI Chung Yuen, *M.H.*

Mr. Evan AU YANG Chi Chun

*\* For identification purpose only*