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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 1 November 2018, the Group entered into the 2019/20 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 2019/20 Insurance Arrangements will take effect from 1 January 2019 to 31 December 2020.

As at the date of this announcement, SHKP is a substantial shareholder holding 37.63% 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 2019/20 Insurance Arrangements will therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. In respect of the annual insurance premium expected to be payable under the 2019/20 Insurance Arrangements, as each of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules is on an annual basis more than 0.1% but less than 5%, the transactions contemplated under the 2019/20 Insurance Arrangements are only subject to the reporting, announcement and annual review requirements but exempt from the circular and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

Details of the 2019/20 Insurance Arrangements will be included in the Company's next annual report in accordance with Rule 14A.71 of the Listing Rules.

## DETAILS OF THE INSURANCE ARRANGEMENTS

### 1. Background and information on the 2019/20 Insurance Arrangements

On 2 November 2016, the Group entered into various policies with SHKI as insurer pursuant to which the Group maintained insurance coverage with SHKI, including (i) a motor vehicle third party and passengers' liability insurance and an employees' compensation insurance for a period of 24 months from 1 January 2017 to 31 December 2018; and (ii) a directors and officers liability and company reimbursement insurance for a period of 18 months from 1 January 2017 to 30 June 2018 (the "2017/18 Insurance Arrangements"). The transactions contemplated under the 2017/18 Insurance Arrangements 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 aforesaid period were disclosed in the announcement of the Company dated 2 November 2016.

On 1 November 2018, the Group entered into various insurance policies with SHKI as insurer, pursuant to which the types of insurance covered or to be covered are a motor vehicle third party and passengers' liability insurance and an employees' compensation insurance for a period of 24 months from 1 January 2019 to 31 December 2020.

The premium for the aforesaid insurance policies will be paid as follows:-

<i>Insurance</i>	<i>Premium payment date(s)</i>
i) motor vehicle third party and passengers' liability insurance	To be paid in four equal instalments due on 1 January 2019, 1 June 2019, 1 December 2020 and 1 June 2020
ii) employees' compensation insurance	To be paid in four equal instalments due on 1 January 2019, 1 July 2019, 1 January 2020 and 1 July 2020

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

The annual insurance premiums paid by the Group to SHKI for the two years ended 31 December 2016 (under the 2015/16 Insurance Arrangements) and 2017 (under the 2017/18 Insurance Arrangements) were HK\$94,524,000 and HK\$69,163,000 respectively as disclosed in the 2016 and 2017 annual reports of the Company, and it is estimated that the insurance premium paid and payable by the Group to SHKI under the 2017/18 Insurance Arrangements for the year ending 31 December 2018 will amount to approximately HK\$76,000,000.

It is estimated that the total insurance premium for the 2019/20 Insurance Arrangements payable by the Group to SHKI for the two years ending 31 December 2019 and 2020 will not exceed HK\$90,000,000 and HK\$93,000,000 respectively. Such annual cap amounts are determined mainly with reference to the historical transaction amounts, the estimated business requirements of the Group, including the estimated vehicles, staffing and fixed assets requirements, and the insurance premium rates as specified under the 2019/20 Insurance Arrangements. As the policies under the 2019/20 Insurance Arrangements were awarded through open tender, the terms and conditions of insurance policies maintained by the Group with SHKI as insurer will be no less favourable to the Group than those offered by third party insurers in respect of similar type of risks insured if such comparison is available; or will 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 risks insured. The insurance premiums payable by the Group under the 2019/20 Insurance Arrangements will be satisfied from 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 and property holdings and developments, 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 2019/20 Insurance Arrangements. The policies under the 2019/20 Insurance Arrangements were awarded through tender and 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 2019/20 Insurance Arrangements will be conducted on normal commercial terms or better 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 2019/20 Insurance Arrangements are on normal commercial terms or better and in the ordinary and usual course of business of the Group, 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 and property holdings and developments.

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

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, SHKP is a substantial shareholder holding 37.63% 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 2019/20 Insurance Arrangements will therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. In respect of the annual insurance premium expected to be payable under the 2019/20 Insurance Arrangements, as each of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules is on an annual basis more than 0.1% but less than 5%, the transactions contemplated under the 2019/20 Insurance Arrangements are only subject to the reporting, announcement and annual review requirements but exempt from the circular and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

Details of the 2019/20 Insurance Arrangements will be included in the Company's next annual report in accordance with Rule 14A.71 of the Listing Rules.

As Mr. KWOK Ping Luen, Raymond (a director of the Company) is considered to be materially interested in the 2019/20 Insurance Arrangements by virtue of his interest in certain issued shares of SHKP, his alternate director who attended the relevant Board meeting in his absence abstained from voting on the Board resolution approving the 2019/20 Insurance Arrangements. In addition, Dr. Norman LEUNG Nai Pang and Dr. Eric LI Ka Cheung are directors of both the Company and SHKP, Dr. CHEUNG Wing Yui is a director of both the Company and SHKI, Mr. LEE Luen Fai and Mr. LUNG Po Kwan are employees of SHKP and directors of the Company, also abstained from voting on the Board resolution in relation to the 2019/20 Insurance Arrangements. Save as disclosed above, none of the other Directors attending the relevant Board meeting has any material interests in the 2019/20 Insurance Arrangements.

## **DEFINITIONS**

“associate(s)”	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
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

“Director(s)”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“2015/16 Insurance Arrangements”	the various insurance policies entered into by the Group with SHKI on 26 May 2015, details of which are set out in the announcement of the Company dated 26 May 2015
“2017/18 Insurance Arrangements”	the various insurance policies entered into by the Group with SHKI on 2 November 2016, details of which are set out in the announcement of the Company dated 2 November 2016 and in the first paragraph with the section headed “Details of the Insurance Arrangements” in this announcement
“2019/20 Insurance Arrangements”	the various insurance policies entered into by the Group with SHKI on 1 November 2018, details of which are set out in the second paragraph with the section headed “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
“%”	per cent

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

Hong Kong, 1 November 2018

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*

Professor LIU Pak-Wai, *SBS, JP*

Mr. TSANG Wai Hung, *GBS, PDSM, JP*

Non-executive Directors:

Mr. Raymond KWOK Ping Luen, *JP* (Ms. Susanna WONG Sze Lai as his alternate)

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

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

Mr. William LOUEY Lai Kuen (Mr. GAO Feng as his alternate)

Ms. Winnie NG, *JP*

Mr. Allen FUNG Yuk Lun

Dr. CHEUNG Wing Yui, *BBS*

Mr. LEE Luen Fai, *JP*

Mr. LUNG Po Kwan

Executive Director:

Mr. Roger LEE Chak Cheong (Managing Director)

*\* For identification purpose only*