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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)

**(1) MAJOR AND CONNECTED TRANSACTION
BUILDING CONTRACT**

AND

**(2) BOOK CLOSURE PERIOD AND RECORD DATE FOR
SPECIAL GENERAL MEETING**

On 20 December 2018, KTRE (a wholly-owned subsidiary of the Company), TRL and the Contractor entered into the Building Contract under which KTRE and TRL have engaged the Contractor to carry out and complete the Works for the Project at a Contract Sum of HK\$4,436,056,954.36 (to be borne by KTRE and TRL in equal shares), subject to adjustments in accordance with the Building Contract.

As SHKP holds approximately 37.63% interest in the Company, and TRL and the Contractor are wholly-owned subsidiaries of SHKP, TRL and the Contractor are connected persons of the Company under the Listing Rules. As one of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules exceeds 25% but is less than 100%, the transactions contemplated under the Building Contract constitute both a major transaction and connected transaction of the Company under the Listing Rules and are subject to reporting, announcement and independent shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules.

A circular containing, among other things, further information on the Building Contract and the transactions contemplated thereunder, the letter from the Independent Board Committee to the Independent Shareholders, the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders and other information as required under Chapters 14 and 14A of the Listing Rules together with a form of proxy, is expected to be despatched to the Shareholders on or before 15 January 2019.

THE BUILDING CONTRACT

Date

20 December 2018

Parties

- (1) KTRE
- (2) TRL
- (3) the Contractor

Subject matter

Under the Building Contract, KTRE and TRL have engaged the Contractor to carry out and complete the Works for the Project in accordance with the terms of the Building Contract using materials, goods and workmanship of the types, standards and quality as specified in the Building Contract subject to variations by an architect.

Contract Sum

KTRE and TRL shall pay to the Contractor, in equal shares, the Contract Sum of HK\$4,436,056,954.36 (i.e. HK\$2,218,028,477.18 each) subject to adjustments to be estimated by a quantity surveyor in accordance with the terms of the Building Contract to cater for, *inter alia*, variation orders (as maybe instructed by an architect) as to the design, quality or quantity of the Works, the amounts payable for the services or goods provided by nominated sub-contractors or nominated suppliers (as the case may be) and the valuation on actual work done in connection with provisional sums, provisional items and provisional quantities provided in the Building Contract as the Project proceeds.

The Contract Sum includes, *inter alia*, the costs of all labour, materials, transportation, delivery, insurances and all things and matters necessary and requisite for the fulfilment of the Works. Based on the market norm, the Company has estimated a contingency of 5% of the Contract Sum for the purpose of the adjustments (i.e. approximately HK\$221,802,847.72).

The portion of the Contract Sum (subject to adjustments) to be satisfied by the Group will be paid in cash from the Group's internal resources.

The Contract Sum was determined by a tender conducted by professional parties on behalf of KTRE and TRL and is consistent with an independent quantity surveyor's estimation of the Building Contract's contract value having regard to the same tender specifications and internal cost references.

Payment terms

An interim certificate stating the quantity surveyor's estimation of the amount due to the Contractor from KTRE and TRL will be issued at the end of each calendar month. KTRE and TRL will make progress payments to the Contractor according to the amounts stated therein within 45 days from the date of its issue.

There will be a retention amount of 10% of the estimated gross valuation of the Contractor's work in progress retained by KTRE and TRL for each interim certificate which will not exceed 5% of the Contract Sum in total excluding the sums payable to the nominated sub-contractors and nominated suppliers. An interim certificate will be issued for the payment of one-half of the retention amount within 14 days after a substantial completion certificate has been issued and another interim certificate will be issued for the payment of the remaining retention within 14 days after the issue of a defects rectification certificate for the whole of the Works. KTRE and TRL are required to settle each relevant portion of the retention amount within 45 days from the date of the respective interim certificates.

A final certificate will be issued after the issuance of the defects rectification certificate for the whole of the Works stating the quantity surveyor's estimation of the final amounts due (after adjustments) by the parties, as the case may be, which will be payable within 28 days after its issue.

Condition precedent

The Building Contract is conditional upon the approval of the Independent Shareholders at the Special General Meeting.

Performance security

The Contractor will procure that a corporate guarantee be provided by its parent company, Sanfield (Management) Limited, in favour of KTRE and TRL, to be jointly and severally bound with the Contractor to KTRE and TRL in the sum amounting to approximately 10% of the Contract Sum, being approximately HK\$443,606,000 (rounded to the nearest thousand dollars), for its due performance of the Building Contract within 14 days from the date of the signing of the letter of award.

Expected date of commencement and completion of the Works

Subject to the obtaining of the Independent Shareholders' approval of the Building Contract and the transactions contemplated thereunder, the Works are expected to commence on the Commencement Date and are expected to be completed within 1250 days from and including the Commencement Date.

REASONS FOR AND BENEFITS OF THE TRANSACTION

SHKP is a long-established and leading property developer in Hong Kong. It is in the interest of the Group to leverage on the expertise of the SHKP Group in the area of property construction by appointing members of the SHKP Group to construct, manage, supervise and complete the Project. The appointment of the Contractor, a wholly-owned subsidiary of SHKP with extensive experience and proven track record in building construction, to undertake the Works will generally enhance the co-ordination and cost effectiveness of the construction process and management of the Project.

In view of the above, the Directors (excluding the independent non-executive Directors who have been appointed as members of the Independent Board Committee to advise the Independent Shareholders in respect of the Building Contract and whose view will be given in the circular to be despatched to the Shareholders after taking into account the advice of the Independent Financial Adviser) consider that the terms of the Building Contract and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

GENERAL INFORMATION

The principal activity of the Company is investment holding. 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 service in Hong Kong and Mainland China.

TRL is principally engaged in the development of and investment in properties. SHKP and its subsidiaries are principally engaged in development of and investment in properties for sale and rent.

The principal activity of the Contractor is property development, construction and management.

IMPLICATIONS UNDER THE LISTING RULES

As SHKP holds approximately 37.63% interest in the Company, and TRL and the Contractor are wholly-owned subsidiaries of SHKP, TRL and the Contractor are connected persons of the Company under the Listing Rules. As one of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules exceeds 25% but is less than 100%, the transactions contemplated under the Building Contract constitute both a major transaction and connected transaction of the Company under the Listing Rules and are subject to reporting, announcement and independent shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules.

As Mr. Raymond KWOK Ping Luen (a director of SHKP), is considered to be materially interested in the Building Contract 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 Building Contract and the transactions contemplated thereunder. In addition, Dr. Norman LEUNG Nai Pang, Dr. Eric LI Ka Cheung and Mr. Allen FUNG Yuk Lun being directors of both the Company and SHKP, Dr. CHEUNG Wing Yui being a director of both the Company and certain subsidiaries of SHKP (including SUNeVision Holdings Ltd., Smartone Telecommunications Holdings Limited and Sun Hung Kai Properties Insurance Limited, etc.) and Mr. LEE Luen Fai and Mr. LUNG Po Kwan being directors of the Company and employees of SHKP, also abstained from voting on the Board resolution in relation to the Building Contract and the transactions contemplated thereunder. Save as disclosed above, as of the date of this announcement, none of the other Directors attending the relevant Board meeting have any material interests in the Building Contract or the transactions contemplated thereunder.

The Special General Meeting will be convened and be held for the Independent Shareholders to consider and, if thought fit, approve the Building Contract and the transactions contemplated thereunder.

The Independent Board Committee has been established to advise the Independent Shareholders in respect of the Building Contract and the transactions contemplated thereunder.

Altus Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Building Contract and the transactions contemplated thereunder.

A circular containing, among other things, further information on the Building Contract and the transactions contemplated thereunder, the letter from the Independent Board Committee to the Independent Shareholders, the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders and other information as required under Chapters 14 and 14A of the Listing Rules together with a form of proxy, is expected to be despatched to the Shareholders on or before 15 January 2019.

BOOK CLOSURE PERIOD AND RECORD DATE FOR SPECIAL GENERAL MEETING

The register of members of the Company will be closed from Tuesday, 29 January 2019 to Friday, 1 February 2019 (both days inclusive) for the purpose of determining the entitlement to attend and vote at the Special General Meeting. During such period, no transfer of Shares will be registered. In order to be eligible to attend and vote at the Special General Meeting, all completed transfer documents accompanied by the relevant share certificate(s) must be lodged with the Hong Kong Branch Share Registrar of the Company, Computershare Hong Kong Investor Services Limited at 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30pm on Monday, 28 January 2019. Independent Shareholders whose names appear on the register of members of the Company on Friday, 1 February 2019 shall be entitled to attend and vote at the Special General Meeting.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:-

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Building Contract”	a contract dated 20 December 2018 entered into amongst KTRE, TRL and the Contractor relating to, <i>inter alia</i> , the Works for the Project
“Commencement Date”	within 7 days from the architect’s written notification which is expected to be in June 2019
“Company”	Transport International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 62)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Contract Sum”	HK\$4,436,056,954.36, being the total contract sum payable by KTRE and TRL to the Contractor under the Building Contract
“Contractor”	Yee Fai Construction Company Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of SHKP
“Director(s)”	the director(s) 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
“Independent Board Committee”	an independent board committee of the Board established to advise the Independent Shareholders in respect of the Building Contract and the transactions contemplated thereunder and which comprises of Dr. John CHAN Cho Chak, Professor LIU Pak Wai and Mr. TSANG Wai Hung, being independent non-executive Directors who do not have any material interest in the Building Contract and/or the transactions contemplated thereunder

“Independent Financial Adviser”	Altus Capital Limited, an independent financial advisor appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Building Contract and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders, other than SHKP and its associates, Mr. Raymond KWOK Ping Luen and Mr. LEE Luen Fai, who do not have a material interest in the Building Contract and the transactions contemplated thereunder
“KTRE”	KT Real Estate Limited, a company incorporated under the laws of the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“KT Site”	Kwun Tong Inland Lot No. 240, No. 98 How Ming Street, Kwun Tong, Kowloon, Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mainland China”	all areas of the People’s Republic of China, except Hong Kong
“Project”	the application for planning permission, the application for the surrender and regrant of the KT Site and the construction of the KT Site as managed, supervised and controlled by Sun Hung Kai Real Estate Agency Limited as project manager which was previously announced in the announcement of the Company dated 26 April 2010
“Share(s)”	share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“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
“SHKP Group”	SHKP and its subsidiaries
“Special General Meeting”	the special general meeting of the Shareholders to be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Building Contract and the transactions contemplated thereunder

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“TRL”	Turbo Result Limited, a company incorporated under the laws of British Virgin Islands with limited liability and a wholly-owned subsidiary of SHKP
“Works”	the building works to be carried out pursuant to the Building Contract involving the construction of a commercial building comprising two 22-storey high office towers with one storey of office lobby, one storey of refuge floor, plus one top roof and one upper roof floor on each office tower, 10-storey high podium and four levels of basement carpark on the KT Site with an estimated gross floor area of approximately 1,150,000 square feet
“%”	per cent.

By order of the Board
Lana Woo
Company Secretary

Hong Kong, 20 December 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*