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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)

DISCLOSEABLE AND CONNECTED TRANSACTIONS

On 11 December 2009, KTPI, a wholly-owned subsidiary of the Company, and TRL entered into the Sale and Purchase Agreement pursuant to which KTPI agreed to sell and TRL agreed to purchase 50% of the interest of the KT Site at a consideration of HK\$490 million. Upon completion of the Disposal, the KT Site will be owned in equal shares by KTRE and TRL as tenants in common.

On 11 December 2009, KTRE, TRL, the Company and SHKP entered into the Development Agreement pursuant to which the parties agreed to jointly develop the KT Site for non-residential (excluding hotel) purpose. The Project Costs are estimated to be HK\$3.6 billion and shall be borne by KTRE and TRL in equal shares.

TRL, being a subsidiary of SHKP which is a substantial shareholder of the Company holding approximately 33% interest in the Company, is a connected person of the Company under the Listing Rules. Given the applicable percentage ratios exceed 2.5%, the transactions contemplated under the Sale and Purchase Agreement and the Development Agreement constitute connected transactions of the Company and are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As an applicable percentage ratio in respect of the Sale and Purchase Agreement and the applicable percentage ratios in respect of the Group's estimated funding obligation towards the Project Costs exceed 5% but less than 25%, the transactions contemplated under the Sale and Purchase Agreement and the Development Agreement also constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules. The Company will carry out the relevant calculations in accordance with Rule 14.15(2) of the Listing Rules at the time actual sums are made towards the Project Costs and make further announcements where required.

THE SALE AND PURCHASE AGREEMENT

Date

11 December 2009

Parties

1. KTPI, a wholly-owned subsidiary of the Company, as vendor
2. TRL, a wholly-owned subsidiary of SHKP, as purchaser

Subject matter

KTPI agreed to sell and TRL agreed to purchase 50% of the interest of the KT Site subject to the terms and conditions of the Sale and Purchase Agreement.

Upon completion of the Disposal, the KT Site will be owned by KTRE and TRL in equal shares as tenants in common.

Consideration

The consideration for the Disposal amounts to HK\$490 million, which shall be payable by TRL to KTPI in the following manner:

- (a) HK\$49 million was paid upon the signing of the Sale and Purchase Agreement as deposit; and
- (b) HK\$441 million, being the balance of the consideration, shall be paid upon completion of the Disposal.

The consideration was determined after arm's length negotiations between the parties with reference to the market value of the KT Site as at 16 November 2009 based on the valuation prepared by an independent valuer in Hong Kong.

Condition precedent

The Disposal is subject to the approval by the Independent Shareholders at the SGM. If the condition precedent is not fulfilled on or before 22 January 2010 (or such other date as may be agreed by KTPI and TRL in writing), the Sale and Purchase Agreement shall lapse and of no further effect.

Completion of the Disposal shall take place on or before 25 January 2010.

THE DEVELOPMENT AGREEMENT

Date

11 December 2009

Parties

1. KTRE, a wholly-owned subsidiary of the Company
2. TRL, a wholly-owned subsidiary of SHKP
3. the Company
4. SHKP

Principal terms of the Development Agreement

The principal terms of the Development Agreement are as follows:

- (1) KTRE and TRL shall jointly make an application to the Government for a modification of Government lease under which the KT Site shall be held for development for non-residential (excluding hotel) purpose. The terms and conditions of the lease modification, including the land premium, shall be subject to the mutual agreement of both KTRE and TRL. If by 31 December 2014 or such other date as shall be mutually agreed by KTRE and TRL, the Government has not yet granted or agreed with KTRE and TRL to grant the lease modification or if the land premium in respect thereof has not been mutually agreed by KTRE and TRL, the Development Agreement may be terminated by either KTRE or TRL;
- (2) If completion of the Disposal does not take place, either KTRE or TRL may terminate the Development Agreement;
- (3) KTRE and TRL shall appoint a company, to be mutually agreed, as the Project Manager and the remuneration, terms of appointment, scope of the powers and duties of which shall be mutually agreed by KTRE and TRL;
- (4) the main construction contracts for the Project shall be awarded to reputable and competent contractors on such terms and in such manner as shall be mutually agreed between KTRE and TRL, in consultation with the Project Manager;
- (5) the Project Costs shall be borne and contributed by KTRE and TRL in equal shares;
- (6) If either KTRE or TRL fails to contribute and pay its shares towards the Project Costs, the other party may fund the outstanding amount payable by the defaulting party on its behalf and in which case such funding by the non-defaulting party shall constitute and be regarded as a loan owed by the defaulting party to the

non-defaulting party bearing interest at the rate of 2% per annum above HIBOR. If the default continues for more than 60 days, the non-defaulting party may serve a notice to the defaulting party to acquire the defaulting party's interest in the Project at open market value;

- (7) KTRE and TRL shall appoint a company, to be mutually agreed, as the leasing agent for the pre-leasing and leasing of the completed Project and the remuneration, terms of appointment, scope of the powers and duties of which shall be mutually agreed by KTRE and TRL;
- (8) KTRE and TRL shall appoint a company, to be mutually agreed, as the first estate manager for the completed Project;
- (9) all income and profits, less all costs and expenses, deriving from the completed Project shall be shared by KTRE and TRL in equal shares;
- (10) prior to completion of the Project, neither KTRE or TRL shall sell, transfer, mortgage, charge or otherwise dispose of its interest in the KT Site except as may be approved by the other party;
- (11) the performance by KTRE and TRL of their obligations under the Development Agreement shall be guaranteed by the Company and SHKP respectively.

Project Costs

The Company estimates that the Project Costs, comprising all costs and expenses (including, but not limited to, land premium to be assessed by the relevant authorities, construction costs, interest, project management fees and professional fees) to be incurred in respect of the Project, amount to approximately HK\$3.6 billion. According to the Development Agreement, the Project Costs shall be borne as to 50% by KTRE.

The Company expects that the contribution to be made by the Group towards the Project Costs will be funded by the net proceeds of the Disposal and/or the working capital of the Company and/or bank borrowings.

Condition precedent

The Development Agreement and the transactions contemplated thereunder are subject to the approval by the Independent Shareholders at the SGM. If the condition precedent is not fulfilled on or before 22 January 2010 (or such other date as may be agreed by KTRE and TRL in writing), either KTRE or TRL may terminate the Development Agreement.

INFORMATION ON THE KT SITE

The KT Site, which is for industrial use, is situated at Kwun Tong Inland Lot No. 240, No. 98 How Ming Street, Kowloon, Hong Kong with a registered site area of approximately 95,830 square feet. The net book value of the KT Site as disclosed in the audited consolidated financial statements of the Company for the year ended 31 December 2008 was HK\$2. As at the date of this announcement, the KT Site is vacant and owned by KTPI and KTRE, both being wholly-owned subsidiaries of the Company, in equal shares as tenants in common. Based on the valuation prepared by an independent valuer in Hong Kong, the market value of the KT Site as at 16 November 2009 was HK\$980 million.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Directors are of the view that the redevelopment of the KT Site for the purpose of generating rental income from leasing of office and retail space is in line with the Group's business strategy of seeking diversification to establish recurrent income sources. The estimated Project Costs represent a significant financial sum for the Group should it assume the role as a single property developer in respect of the redevelopment of the KT Site. By developing the KT Site jointly on a 50-50 basis with TRL, the Group's capital commitment towards the development would be reduced by 50% to a more affordable amount. Furthermore, SHKP is a long-established and leading property developer in Hong Kong. The Directors believe that the joint development with TRL which is a subsidiary of SHKP would enable the Group to benefit from (i) the synergy arising from the commercial office and retail developments owned by SHKP in the vicinity of the KT Site, and (ii) SHKP's expertise and experience in the design, planning, construction and marketing and letting of commercial properties.

It is expected that the Group would realize a profit of approximately HK\$489 million from the Disposal, being the proceeds of the Disposal less 50% of the net book value of the KT Site, and related expenses. The net proceeds of the Disposal will be used to fund the Project Costs.

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 Sale and Purchase Agreement and the Development Agreement and whose view will be given in the circular to be despatched to the Shareholders after considering the opinion of the independent financial adviser) consider that the terms of the Sale and Purchase Agreement and the Development Agreement are fair and reasonable, on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

LISTING RULES REQUIREMENTS

TRL, being a subsidiary of SHKP which is a substantial shareholder of the Company holding approximately 33% interest in the Company, is a connected person of the Company under the Listing Rules. Given the applicable percentage ratios exceed 2.5%, the transactions contemplated under the Sale and Purchase Agreement and the Development Agreement constitute connected transactions of the Company and are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As an applicable percentage ratio in respect of the Sale and Purchase Agreement and the applicable percentage ratios in respect of the Group's estimated funding obligation towards the Project Costs exceed 5% but less than 25%, the transactions contemplated under the Sale and Purchase Agreement and the Development Agreement also constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules. The Company will carry out the relevant calculations in accordance with Rule 14.15(2) of the Listing Rules at the time actual sums are made towards the Project Costs and make further announcements where required.

In view of the interest of SHKP in the Sale and Purchase Agreement and the Development Agreement, SHKP and its associates (as defined in the Listing Rules) will abstain from voting in relation to the resolutions approving the Sale and Purchase Agreement and the Development Agreement at the SGM. An Independent Board Committee has been appointed to advise the Independent Shareholders on whether or not the terms of the Sale and Purchase Agreement and the Development Agreement are in the interests of the Company and the Shareholders as a whole, and are fair and reasonable so far as the Shareholders are concerned. An independent financial adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders regarding the terms of the Sale and Purchase Agreement and the Development Agreement.

A circular of the Company containing, among other things, further details of the Sale and Purchase Agreement and the Development Agreement, a letter from the Independent Board Committee, an opinion from the independent financial adviser to the Independent Board Committee and the Independent Shareholders, a valuation report of the KT Site and a notice of the SGM, will be despatched to the Shareholders as soon as practicable.

GENERAL

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 on the Mainland.

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

DEFINITIONS

“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 Main Board of the Stock Exchange
“Development Agreement”	the Development Agreement dated 11 December 2009 entered into among KTRE, TRL, the Company and SHKP
“Directors”	the directors of the Company
“Disposal”	the disposal of 50% of the interest of the KT Site by KTPI to TRL as contemplated under the Sale and Purchase Agreement
“Government”	The Government of Hong Kong Special Administrative Region
“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
“Independent Board Committee”	an independent committee of the Board comprising Dr. Norman LEUNG Nai Pang, Dr. KUNG Ziang Mien, James and Mr. SIU Kwing-chue, Gordon, all being the independent non-executive Directors, to advise the Independent Shareholders in respect of the Sale and Purchase Agreement and the Development Agreement
“Independent Shareholders”	Shareholders other than SHKP and its associates
“KT Site”	Kwun Tong Inland Lot No. 240, No. 98 How Ming Street, Kowloon, Hong Kong

“KTPI”	KT Properties Investment Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“KTRE”	KT Real Estate Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Project”	the application for planning permission, the application for the surrender and regrant of the KT Site and the construction of the KT Site
“Project Costs”	all costs and expenses incurred in respect of the Project (including, but not limited to (a) land premium to be assessed by relevant authorities; (b) the total cost of construction, including, among other things, the costs of demolition, foundations, substructure, superstructure, building services and finishes; and (c) the fee for all professional consultants)
“Project Manager”	the project manager of the Project to be appointed by KTRE and TRL for the purpose of managing and carrying out the Project
“Sale and Purchase Agreement”	the sale and purchase agreement dated 11 December 2009 entered into between KTPI and TRL in relation to the disposal of 50% of the interest of the KT Site
“SGM”	the special general meeting of the Company to be held to consider and, if thought fit, approve the Sale and Purchase Agreement and the Development Agreement
“Shareholders”	holder(s) of the share(s) of the Company
“SHKP”	Sun Hung Kai Properties Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“SHKP Group”	SHKP and its subsidiaries
“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)
“TRL”	Turbo Result Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of SHKP
“%”	per cent

By order of the Board
Lana Woo
Company Secretary

Hong Kong, 11 December 2009

As at the date of this announcement, the Directors are 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. Edmond HO Tat Man as Managing Director; Mr. Charles LUI Chung Yuen, M.H. as Executive Director; Mr. KWOK Ping-luen, Raymond, JP (with Mr. YUNG Wing Chung as alternate), Dr. KWOK Ping-sheung, Walter, JP (with Mr. SO Wai Kei, Godwin as alternate), Mr. NG Siu Chan (with Ms. Winnie NG as alternate), Mr. William LOUEY Lai Kuen, Dr. John CHAN Cho Chak, GBS, JP, Ms. Winnie NG, Mr. George CHIEN Yuan Hwei and Mr. John Anthony MILLER, SBS, OBE as Non-executive Directors.

**For identification purpose only*