
THE CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Transport International Holdings Limited**, you should at once hand this circular, together with the enclosed proxy form, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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

Independent financial adviser to the Independent Board Committee and the Independent Shareholders



A letter from the Board of Transport International Holdings Limited (the “Company”) is set out on pages 4 to 11 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 12 and 13 of this circular. A letter from Quam Capital Limited, the independent financial adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 14 to 23 of this circular.

A notice convening a special general meeting of the Company to be held at The Royal Plaza Hotel, Grand Ballroom, 193 Prince Edward Road West, Kowloon, Hong Kong on 21 January 2010 at 10:00 a.m. (the “SGM”) is set out on pages 33 and 34 of this circular. Whether or not you intend to attend the SGM in person, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the principal office of the Company at 9 Po Lun Street, Lai Chi Kok, Kowloon, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the SGM if you so wish.

* For identification purpose only

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DEFINITIONS

In this circular, the following expressions have the following meanings, unless the context otherwise requires:

“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
“Companies Ordinance”	Companies Ordinance, Chapter 32 of the Laws of Hong Kong
“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 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
“Knight Frank”	Knight Frank Petty Limited
“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

DEFINITIONS

“Latest Practicable Date”	24 December 2009, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“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
“Quam Capital”	Quam Capital Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement and the Development Agreement
“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
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“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

DEFINITIONS

“subsidiary(ies)”	has the meaning ascribed to it under Section 2 of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“TRL”	Turbo Result Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of SHKP
“%”	per cent

In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

LETTER FROM THE BOARD



TRANSPORT INTERNATIONAL HOLDINGS LIMITED (載通國際控股有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock code: 62)

Directors:

The Hon. Sir Sze-yuen CHUNG, GBM, GBE, JP[▲], *Chairman*
Dr. Norman LEUNG Nai Pang, GBS, JP[▲], *Deputy Chairman*
KWOK Ping-luen, Raymond, JP[#]
Dr. KWOK Ping-sheung, Walter, JP[#]
NG Siu Chan[#]
William LOUEY Lai Kuen[#]
Dr. John CHAN Cho Chak, GBS, JP[#]
Charles LUI Chung Yuen, M.H., *Executive Director*
Winnie NG[#] (*Non-executive Director and
Alternate Director to Mr. NG Siu Chan[#]*)
Dr. KUNG Ziang Mien, James, GBS, OBE[▲]
George CHIEN Yuan Hwei[#]
Dr. Eric LI Ka Cheung, GBS, OBE, JP[▲]
Edmond HO Tat Man, *Managing Director*
SIU Kwing-chue, Gordon, GBS, CBE, JP[▲]
John Anthony MILLER, SBS, OBE[#]
KUNG Lin Cheng, Leo, JP
(*Alternate Director to Dr. KUNG Ziang Mien, James, GBS, OBE[▲]*)
YUNG Wing Chung
(*Alternate Director to Mr. KWOK Ping-luen, Raymond, JP[#]*)
SO Wai Kei, Godwin
(*Alternate Director to Dr. KWOK Ping-sheung, Walter, JP[#]*)

Registered Office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Principal Office in Hong Kong:

9 Po Lun Street
Lai Chi Kok
Kowloon
Hong Kong

([▲] Independent non-executive Directors)

([#] Non-executive Directors)

(^{*} For identification purpose only)

30 December 2009

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTIONS

1. INTRODUCTION

The Board refers to the announcement of the Company dated 11 December 2009 in respect of the Sale and Purchase Agreement and the Development Agreement.

LETTER FROM THE BOARD

The purposes of this circular are (i) to provide you with further information regarding the Sale and Purchase Agreement and the Development Agreement; (ii) to set out the letter of advice from Quam Capital to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Sale and Purchase Agreement and the Development Agreement; (iii) to set out the opinion and recommendation of the Independent Board Committee after taking into consideration of the advice of Quam Capital in relation to the terms of the Sale and Purchase Agreement and the Development Agreement; (iv) to give notice to the Shareholders of the SGM to be held to consider and, if thought fit, to approve, among other things, the resolutions relating to the Sale and Purchase Agreement and the Development Agreement.

2. 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.

LETTER FROM THE BOARD

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.

3. 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;

LETTER FROM THE BOARD

- (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 nor 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; and
- (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.

LETTER FROM THE BOARD

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.

4. 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. Under the relevant approved outline zoning plan, the maximum allowable gross floor area of the property to be constructed at the KT site upon completion of the Project would be approximately 1,150,000 square feet. As at the Latest Practicable Date, 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.

5. 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.

6. REASONS FOR AND BENEFITS OF THE TRANSACTION

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

LETTER FROM THE BOARD

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 (including the independent non-executive Directors) 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.

7. SGM

Set out on pages 33 and 34 of this circular is the notice convening the SGM at which resolutions will be proposed to approve the Sale and Purchase Agreement, the Development Agreement and the transactions contemplated thereunder.

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 comprising Dr. Norman LEUNG Nai Pang, Dr. KUNG Ziang Mien, James and Mr. SIU Kwing-chue, Gordon, all being independent non-executive Directors, 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. The other two independent non-executive Directors of the Company, namely The Hon. Sir Sze-yuen CHUNG who was a former independent non-executive director of SHKP and Dr. Eric LI Ka Cheung who is an independent non-executive director of SHKP, were not appointed as members of the Independent Board Committee. Quam Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders regarding the terms of the Sale and Purchase Agreement and the Development Agreement.

8. ACTION TO BE TAKEN

A proxy form for use at the SGM is enclosed herein. Whether or not you intend to attend the SGM, you are requested to complete the proxy form and return it to the principal office of the Company at 9 Po Lun Street, Lai Chi Kok, Kowloon, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time appointed for holding the SGM. Completion and return of the proxy form will not preclude Shareholders from attending and voting in person at the SGM if they so wish.

LETTER FROM THE BOARD

9. 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. The SHKP Group is principally engaged in development of and investment in properties for sale and rent.

10. POLL PROCEDURE

Pursuant to Bye-law 66 of the Company, a resolution put to the vote of a general meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:-

- (a) by the chairman of such meeting; or
- (b) by at least three members of the Company present in person (or in the case of a member of the Company being a corporation by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (c) by a member or members of the Company present in person (or in the case of a member of the Company being a corporation by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all members of the Company having the right to vote at the meeting; or
- (d) by a member or members of the Company present in person (or in the case of a member of the Company being a corporation by its duly authorised representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

A demand by a person as proxy for a member of the Company or in the case of a member of the Company being a corporation by its duly authorised representative shall be deemed to be the same as a demand by a member of the Company.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders taken at a general meeting must be taken by poll. Accordingly, the chairman of the SGM will demand that the Ordinary Resolutions be decided by poll.

LETTER FROM THE BOARD

11. RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 12 and 13 of this circular which contains its recommendation to the Independent Shareholders. The Independent Board Committee, having taken into account the advice of Quam Capital, considers that the terms of each of the Sale and Purchase Agreement and the Development Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends that the Independent Shareholders should vote in favour of the resolutions as set out in the notice of SGM on pages 33 and 34 of this circular.

Your attention is also drawn to the additional information set out in the appendix to this circular.

Yours faithfully,
By Order of the Board
Edmond HO Tat Man
Managing Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of a letter of recommendation from the Independent Board Committee which has been prepared for the purpose of inclusion in this circular.



TRANSPORT INTERNATIONAL HOLDINGS LIMITED (載通國際控股有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock code: 62)

30 December 2009

To the Independent Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTIONS

We refer to the circular of the Company dated 30 December 2009 (the “**Circular**”) to the Shareholders, of which this letter forms part. Terms defined in the Circular have the same meanings in this letter unless the context requires otherwise.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders as to whether, in our opinion, the terms of the Sale and Purchase Agreement and the Development Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

We wish to draw your attention to the letter of advice from Quam Capital as set out on pages 14 to 23 of the Circular which contains, inter alia, its advice and recommendation to us and to the Independent Shareholders in respect of the terms of the Sale and Purchase Agreement and the Development Agreement together with the principal factors and reasons taken into consideration in arriving at such.

Your attention is also drawn to the letter from the Board set out on pages 4 to 11 of the Circular and the general information set out in the appendix.

* *For identification purpose only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the terms of the Sale and Purchase Agreement, the Development Agreement, and the advice given by Quam Capital, we consider that the terms of each of the Sale and Purchase Agreement and the Development Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions approving the Sale and Purchase Agreement and the Development Agreement to be proposed at the SGM.

Yours faithfully,

Norman LEUNG Nai Pang

KUNG Ziang Mien, James

SIU Kwing-chue, Gordon

Members, Independent Board Committee

LETTER FROM QUAM CAPITAL

The following is the full text of the letter of advice from Quam Capital, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of incorporation into this circular, setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Sale and Purchase Agreement and the Development Agreement.



Quam Capital Limited

A Member of The Quam Group

30 December 2009

To the Independent Board Committee and the Independent Shareholders
Transport International Holdings Limited
9 Po Lun Street
Lai Chi Kok
Kowloon
Hong Kong

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTIONS

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement and the Development Agreement. Details of the respective terms of the Sale and Purchase Agreement and the Development Agreement are set out in the “Letter from the Board” contained in the circular issued by the Company to the Shareholders dated 30 December 2009 (the “Circular”), of which this letter forms part. Terms used in this letter shall have the same meaning as defined in the Circular unless the context otherwise requires.

On 11 December 2009, KTPI 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 by KTRE and TRL in equal shares as tenants in common. On the same date, KTRE, TRL, the Company and SHKP entered into the Development Agreement pursuant to which KTRE and TRL agreed to jointly develop the KT Site for non-residential (excluding hotel) purpose (the “Joint Development”). The performance by KTRE and TRL of their obligations under the Development Agreement shall be guaranteed by the Company and SHKP respectively. The Project Costs are estimated to be approximately HK\$3.6 billion and shall be borne by KTRE and TRL in equal shares. The Disposal and the Joint Development constitute discloseable transactions of the Company pursuant to the Listing Rules. TRL, being a subsidiary of SHKP which is a substantial Shareholder holding approximately 33% interest in the Company, is a connected person of the Company under the Listing Rules. As such, the Disposal and the Joint Development also constitute connected transactions of the Company and are subject to the approval of the Independent Shareholders at the SGM by way of poll.

LETTER FROM QUAM CAPITAL

Dr. Norman Leung Nai Pang, Dr. Kung Ziang Mien, James and Mr. Siu Kwing-chue, Gordon, all being independent non-executive Directors, have been appointed as members of the Independent Board Committee to advise the Independent Shareholders on whether the respective terms of the Sale and Purchase Agreement and the Development Agreement are on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole; and to advise the Independent Shareholders as to whether to vote in favour of the resolutions approving the Sale and Purchase Agreement and the Development Agreement to be proposed at the SGM. As the independent financial adviser, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders in such regard.

Quam Capital is independent of and not connected with any members of the Group or any of their substantial shareholders, directors or chief executives, or any of their respective associates, and is accordingly qualified to give an independent advice in respect of the Sale and Purchase Agreement and the Development Agreement.

In formulating our recommendation, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Group and the independent property valuer (the “Valuer”) and quantity surveyors (the “Quantity Surveyors”) appointed by the Group for the purpose of the Disposal and/or the Project; (iii) the opinions expressed by and the representations of the Directors and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information and representations contained or referred to in the Circular were true and accurate in all respects at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time that they were made and continue to be true at the date of the Circular, and all such statements of belief, opinions and intention of the Directors and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of such information and representations provided to us by the management of the Group, the Directors, the Valuer and the Quantity Surveyors. The Directors have confirmed to us that no material facts have been withheld or omitted from the information provided and referred to in the Circular, which would make any statement contained in the Circular untrue or misleading.

We consider that we have reviewed sufficient and relevant information currently available to reach an informed view regarding the Disposal and the Joint Development and to justify our reliance on the accuracy of the information provided to us and those contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinions expressed by the management of the Group, the Directors, the Valuer or the Quantity Surveyors, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Company, SHKP or any of their respective subsidiaries or associates.

LETTER FROM QUAM CAPITAL

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation in respect of the Sale and Purchase Agreement and the Development Agreement, we have taken into consideration the following factors and reasons:

1. Reasons for and benefits of the Disposal and the Joint Development

(i) *Redevelopment plan for the KT Site*

Pursuant to the Development Agreement, it is agreed that upon completion of the Joint Development, the completed Joint Development will be held for long-term investment purposes. We understand from the Company that the KT Site is intended to be redeveloped for office and retail uses. As stated in the “Letter from the Board” of the Circular, 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 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. As at the Latest Practicable Date, 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. As referred to in the “Letter from the Board” of the Circular, the net book value of the KT Site as at 31 December 2008 was HK\$2. Based on the valuation prepared by the Valuer, the market value of the KT Site as at 16 November 2009 was HK\$980 million, details of which are set out in Appendix I to the Circular.

(ii) *Rationales for the Disposal and the Joint Development*

We note that the expected total Project Costs for redevelopment of the KT Site for office and retail uses will amount to approximately HK\$3.6 billion. According to the Company’s interim report for the six months ended 30 June 2009 (the “2009 Interim Report”), the Group had unaudited cash and cash equivalents of approximately HK\$3.5 billion and unaudited net cash of approximately HK\$2.2 billion as at 30 June 2009. The Company confirmed to us that there has been no material change to the cash and cash equivalent balance and net cash position of the Group since 30 June 2009 and up to the Latest Practicable Date. Given the Group’s expected financing needs for the Project and the internal resources presently available to the Group, we concur with the view of the Directors that the estimated total 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. We note that by redeveloping the KT Site jointly with an appropriate property developer on an equal basis, the Group’s capital commitment towards the Project would be reduced by 50% to a more affordable amount.

LETTER FROM QUAM CAPITAL

As referred to in the “Letter from the Board” of the Circular, it is expected that the Group would realise 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). We note that the net proceeds of the Disposal will be used to fund the Group’s share of the Project Costs in an amount of HK\$1.8 billion (the “Capital Commitment”) which represents 50% of the total Project Costs.

On the basis of the above, we concur with the view of the Directors that the Disposal and the Joint Development are beneficial to the Group, which will not only benefit from capitalising the idle KT Site, but the Joint Development will also enable the Group to lessen its funding burden for the Project and broaden its revenue stream in the long term.

2. Reasons for cooperating with the SHKP Group

The Group is principally engaged in the operation of both franchised and non-franchised public transportation, property holdings and development and provision of media sales services in Hong Kong and in the PRC. However, we understand from the Company that in contrast to the SHKP Group, the core competence of the Group is not property development; whereas the SHKP Group with principal activities of development of and investment in properties for sale and rent has substantial experience, competent expertise and a proven track record in the Hong Kong real estate market. According to the annual report of SHKP for the year ended 30 June 2009, the SHKP Group has completed six projects in Hong Kong with approximately 1.8 million square feet of attributable gross floor area in aggregate during the year ended 30 June 2009, of which approximately 34.3% are for office use being retained as long-term investments. We also note from the website of SHKP that the SHKP Group has received a number of awards, including “Best Developer in Hong Kong” for fifth year running from 2005 to 2009 and “Best Office Developer in Hong Kong” in 2009 from Euromoney magazine, and ranked the “Best Real Estate Company in Asia” by FinanceAsia magazine in 2009.

In addition to its expertise and proven track record in the Hong Kong real estate market, we also note that the SHKP Group has established a strong presence in Hong Kong with properties under its ownership and/or management across Hong Kong, in particular we note that the SHKP Group owns commercial office and retail developments in the immediate vicinity of the KT Site. Therefore, working with the SHKP Group to jointly develop this site would likely create additional synergy. Developing the KT Site in isolation of these adjacent properties would unlikely bring the same synergy for the Group.

On the basis of the above, we consider it reasonable for the Directors to believe that the joint development of the KT Site with TRL, a subsidiary of SHKP, would enable the Group to benefit from (i) the SHKP Group’s expertise and experience in the design, planning, construction and marketing and letting of commercial properties; and (ii) the synergy arising from the commercial office and retail developments owned by the SHKP Group in the vicinity of the KT Site.

Having considered the above and the rationales for the Disposal and the Joint Development as discussed in section (1)(ii) above, we concur with the view of the Directors that the entering into of the Sale and Purchase Agreement and the Development Agreement with the SHKP Group is in the interests of the Company and the Shareholders as a whole.

LETTER FROM QUAM CAPITAL

3. Principal terms of the Sale and Purchase Agreement

(i) *The consideration for the Disposal*

The consideration for the Disposal (the “Consideration”) amounts to HK\$490 million payable in cash. As stated in the “Letter from the Board” of the Circular, the Consideration was determined by KTPI and TRL after arm’s length negotiations with reference to the market value of the KT Site, which amounted to HK\$980 million as at 16 November 2009, based on the valuation report prepared by the Valuer (the “Valuation Report”) as contained in Appendix I to the Circular. As such, the market value of 50% of the KT Site shall amount to HK\$490 million, which is equivalent to the amount of the Consideration.

We have reviewed the Valuation Report, and noted that the residual method of valuation was adopted in the appraisal of the KT Site whereby the redevelopment value of the KT Site was assessed based on the existing town planning zoning and the possible modification of the user of the land lease from industrial to business use. According to the Valuation Report, the valuation method was based on the principle that the price which a purchaser could afford for a piece of land should be the surplus or residue that remained after all the costs of carrying out the construction were deducted from the proceeds receivable from the sale of the completed development. It is noted that the costs of development, which included the main cost of construction, cost of finance, professional fee and an allowance for profit required for carrying out the project, were estimated by the Valuer based on the prevailing market prices; while the aggregate market value of all saleable units in the completed Joint Development was estimated by the Valuer with reference to sales evidence available on the market. In this regard, we have discussed with the Valuer regarding its choice of the valuation methodology adopted for the purpose of the Valuation Report, and noted that the residual method of valuation is the commonly used assessment method for similar properties. As such, we consider that the basis adopted for the valuation of the KT Site to be appropriate.

In light of the foregoing, we are of the view that the Consideration (including the underlying basis of determination) is on normal commercial terms, and is fair and reasonable so far as the Company and the Shareholders are concerned.

(ii) *Other terms of the Sale and Purchase Agreement*

We have also reviewed the other major terms of the Sale and Purchase Agreement and are not aware of any terms which are exceptional to normal market practice.

(iii) *Conclusion*

In light of the foregoing, we are of the opinion that the terms of the Sale and Purchase Agreement are on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

LETTER FROM QUAM CAPITAL

4. Principal terms of the Development Agreement

Pursuant to the Development Agreement, KTRE and TRL intend to demolish the existing building and structures at the KT Site and to jointly redevelop the KT Site for non-residential (excluding hotel) uses and, upon completion of the Joint Development, to hold the completed Joint Development for long-term investment purposes. As confirmed by the Company, the terms of the Development Agreement were arrived at after arm's length negotiations between the parties thereto with reference to the prevailing industry practice.

(i) *The 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. As referred to in the "Letter from the Board" of the Circular, the Company expects that the Capital Commitment will be funded by the net proceeds of the Disposal and/or the working capital of the Company and/or bank borrowings. The Directors have confirmed to us that they would exercise due and careful consideration, including but not limited to the cost and timing of funds, when choosing the best method of financing the Capital Commitment for the Group.

We have discussed the Project Costs projection with the Group's management and noted that they have principally taken into account (i) the maximum allowable gross floor area of the property to be constructed at the KT Site upon completion of the Project being approximately 1,150,000 square feet under the relevant approved outline zoning plan; (ii) the preliminary design plan of the Joint Development whereby it is currently intended that the Joint Development will not involve a large retail element; (iii) the construction costs and the related professional consultancy fees for the Project (collectively, the "Construction Costs") estimated by the Quantity Surveyors; (iv) the expected land premium payable for the lease modification of the KT Site from an industrial site to a commercial site (the "Land Premium") based on the opinion of the Valuer; and (v) the interest costs in respect of financing the Capital Commitment based on the estimated duration for completing the Project and the forecast interest rates.

In our assessment of the fairness and reasonableness of the Project Costs, we have reviewed (i) the breakdown of the Project Costs projection provided by the Company; (ii) the calculation of the Construction Costs compiled by the Quantity Surveyors and the underlying bases and assumptions related thereto; (iii) the opinions of the Valuer regarding the Land Premium; (iv) the preliminary design plan of the Joint Development; and (v) the construction costs of certain comparable office and retail development projects considered by the Quantity Surveyors in their estimation of the construction costs for the Project. We have also discussed with the Valuer the references made in giving its opinion on the expected Land Premium and with the Quantity Surveyors on the underlying principal assumptions and bases that they have taken into account in estimating the Construction Costs respectively.

LETTER FROM QUAM CAPITAL

We note that the opinion of the Valuer on the Land Premium was made based on the prevailing level of land premium payable for the change of use from industrial to office use with some minor retail space in the Kwun Tong district. However, it should be noted that the final amount of the Land Premium will be subject to negotiation with the Government on the details of the change of use and the then prevailing market condition.

From our discussions with the Quantity Surveyors regarding the factors considered in their estimation of the Construction Costs, we understand that they have considered similar office and retail development projects including two located in the same district of the KT Site (the “Comparable Projects”) and based on their general knowledge of the normal market practice and prevailing prices. The Quantity Surveyors further advised us that in selecting the Comparable Projects, they had taken into account factors including the scale and quality required which were similar to those of the preliminary design of the Joint Development. Having regard to the scale and quality of the Comparable Projects, and based on information provided by, and our discussions with, the Quantity Surveyors, we concur with the view of the Quantity Surveyors that the Comparable Projects are suitable references for the estimation of the construction costs of the Joint Development. We also note that the construction costs for the Project is in line with those of the Comparable Projects. The Quantity Surveyors have confirmed to us that the method used to estimate the Construction Costs is the most commonly used method for estimating property development costs in Hong Kong. Further, we understand from the Quantity Surveyors that their estimation for the Construction Costs is based on adjusted fixed price competitive tender rates of similar office and retail development projects taking into account the Quantity Surveyors’ tender price index as at September 2009. In such regard, we have reviewed the statistics on the approximate average building costs in Hong Kong based on fixed price competitive tenders in the quarterly construction cost review report published by the Quantity Surveyors and noted that the construction costs of the Joint Development estimated by the Quantity Surveyors is within the range of the average building costs in Hong Kong during the third quarter of 2009.

In light of the foregoing, we are satisfied that the Project Costs have been estimated by the Company after due and careful enquiry, and consider it justifiable for the Company to set the Project Costs at the proposed level.

(ii) *Other terms of the Development Agreement*

We have also reviewed the other major terms of the Development Agreement and are not aware of any terms which are exceptional to normal market practice.

(iii) *Conclusion*

In light of the foregoing, we are of the opinion that the terms of the Development Agreement are on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

LETTER FROM QUAM CAPITAL

5. Financial impact of the Disposal and the Joint Development on the Group

(i) *Net asset value*

As set out in the 2009 Interim Report, the unaudited net asset value of the Group amounted to approximately HK\$6.8 billion as at 30 June 2009. As disclosed in the “Letter from the Board” of the Circular, the net book value of the KT Site as at 31 December 2008 was HK\$2. The Company has confirmed to us that there has been no change to the net book value of the KT Site since 31 December 2008 and up to the Latest Practicable Date. The Disposal is expected to increase the Group’s net assets value immediately upon completion of the Disposal.

The Company advised that the Capital Commitment will be capitalised as investment property under development when it is incurred, and hence it is expected that there will be an increase in the asset value of the Group. On the other hand, the Company expects that the Capital Commitment will be funded by the net proceeds of the Disposal and/or the working capital of the Company and/or bank borrowings. As such, the working capital of the Group may be decreased and the liabilities of the Group may be increased as a result of the Joint Development to the extent they will be used to fund the Capital Commitment. Given the foregoing, the Joint Development is expected to have no material adverse impact on the net asset value of the Group.

(ii) *Earnings*

As noted from the “Letter from the Board” of the Circular, it is expected that the Group would realise 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. As such, the Disposal is expected to have a favourable impact on the earnings of the Group.

As advised by the Company, the Capital Commitment will be capitalised as investment property under development during the development period, and hence there will not be any material impact on the earnings of the Group.

(iii) *Working capital position*

According to the 2009 Interim Report, the Group had unaudited cash and cash equivalents of approximately HK\$3.5 billion as at 30 June 2009. The Company has confirmed to us that there has been no material change to the cash balance of the Group since 30 June 2009 and up to the Latest Practicable Date. The Company has also confirmed that the Group would have sufficient financial resources to satisfy the Capital Commitment in full, and the Joint Development would not impose any material adverse effect on the Group’s working capital position, after taking into account (i) the Group’s current working capital position and working capital requirements for short to medium term; (ii) the net proceeds expected to be received from the Disposal; (iii) the banking facilities currently available to the Group; and (iv) the fact that the Capital Commitment will be settled by stage payments throughout a number of years.

LETTER FROM QUAM CAPITAL

(iv) *Gearing ratio*

According to the 2009 Interim Report, the Group had a gearing ratio (defined as the total interest bearing liabilities to the total assets) of approximately 13.7% as at 30 June 2009. It is expected that the gearing ratio of the Group would decrease upon completion of the Disposal due to the expected increase in the asset value of the Group as discussed in section (5)(i) above.

Having considered the Group's various options on financing the Capital Commitment, the Group's gearing ratio may increase if the Joint Development is to be financed by bank borrowings.

In view of the foregoing, we are of the opinion that the Disposal and the Joint Development will not have any material adverse impact on the Group's financial position in this regard.

RECOMMENDATION

Having considered the principal factors and reasons discussed above and in particular the following (which should be read in conjunction with and interpreted in the full context of this letter):

- that the leasing of the office and retail spaces of the completed Joint Development would generate recurrent rental income for the Group;
- that redeveloping the KT Site jointly with TRL would reduce the Group's capital commitment towards the Project to a more affordable amount and allow the Group to leverage on the expertise and reputation of the SHKP Group in the Hong Kong real estate market, and benefit from the synergy arising from the commercial office and retail developments owned by the SHKP Group in the vicinity of the KT Site;
- that the Disposal would allow the Group to realise a profit and considerable amount of cash inflow of approximately HK\$489 million which could be used for financing the Capital Commitment;
- that the Consideration (including the underlying basis of determination) is on normal commercial terms, and fair and reasonable so far as the Company and the Shareholders are concerned.
- that the Project Costs have been estimated by the Company after due and careful enquiry; and
- that there will not be any material adverse impact on the financial position of the Group as a result of the Disposal and the Joint Development,

we consider that the Disposal and the Joint Development are on normal commercial terms, in the ordinary and usual course of the Group's business, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

LETTER FROM QUAM CAPITAL

Accordingly, we advise the Independent Shareholders, and the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the Sale and Purchase Agreement and the Development Agreement.

Yours faithfully,
For and on behalf of
Quam Capital Limited
Richard D. Winter
Managing Director



4/F., Shui On Centre
6-8 Harbour Road
Wan Chai, Hong Kong

16 November 2009

KT Real Estate Limited
9 Po Lun Street
Lai Chi Kok
Kowloon
Hong Kong

Dear Sirs

**Kwun Tong Inland Lot No. 240 at No. 98 How Ming Street, Kwun Tong, Kowloon
("the Property")**

In accordance with the instructions from KT Real Estate Limited ("the Company") for us to value the Property, we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing the Company with our opinion of the market value of the Property as at 16 November 2009 which reflects the benefit of change of use under existing town planning zoning and possible modification of the user of the land lease from industrial to business use for the purpose of inclusion in a public circular.

Basis of Valuation

Our valuation of a property is our opinion of its market value which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of a property is also estimated without regard to costs of sale and purchase, and without offset for any associated taxes.

Valuation Methodology

We have prepared our valuation taking into account the redevelopment potential of the Property. In assessing the redevelopment value of the Property derived from the existing town planning zoning and the possible modification of the user of the land lease from industrial to business use, we have adopted the Residual Method of Valuation, which is a theoretical means to compute the value of the development land.

The method works on the principle that the price which a purchaser can afford for a piece of land should be the surplus or residue that remains after all the costs of carrying out the construction are deducted from the proceeds receivable from the sale of the completed development. The costs of development include the main cost of construction, cost of finance, professional fee and an allowance for profit required for carrying out the project.

In preparing the gross development value, which means the estimated sale proceeds generated from the sale of the individual units in a development assuming the development were completed as at the date of valuation, we have made reference to sales evidence as available on the market. Our valuation is our opinion of the aggregate market values of all saleable units in the completed development of the Property. No allowance has been made for the time and costs required for the marketing of all the units.

Valuation Considerations

In valuing the Property which is held under Government lease expired before 30 June 1997, we have taken account of the stipulations contained in Annex III of the Joint Declaration of the Government of the United Kingdom and the Government of the People's Republic of China on the question of Hong Kong and the New Territories Leases (Extension) Ordinance 1988 that such lease has been extended without premium until 30 June 2047 and that an annual rent at three per cent of the rateable value of the Property is charged from the date of extension.

We have relied to a considerable extent on the information provided by you and have accepted advice given to us by the Company on such matters as statutory notices, easements, tenure, occupancy, floor plans, site and floor areas and all other relevant matters. We have caused searches to be made at the Land Registry. However, we have not scrutinized the original documents to verify ownership or to verify any amendments which may not appear on the copies handed to us. All documents and leases have been used as reference only and all dimensions, measurements and areas are approximate.

We have inspected the exterior of the property. We have not been instructed to carry out any investigation on site to determine the suitability of ground conditions and the services, etc. for any future development nor have we undertaken archaeological, ecological or environmental surveys for the property valued. Our valuation is therefore made on the basis that all these aspects are satisfactory and no extraordinary expenses or delays would be incurred during construction period.

No allowance has been made in our valuation for any charges, mortgages or amounts owing neither on the Property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of any onerous nature which could affect its value.

In undertaking the valuation, we have complied with the requirements as stated in “The HKIS Valuation Standards on Properties” published by The Hong Kong Institute of Surveyors.

We enclose herewith our valuation report in certificate format.

Yours faithfully,
For and on behalf of
Knight Frank Petty Limited
Catherine Cheung
MHKIS MRICS RPS (GP)
Director of Valuations

Encl.

Note: Ms Catherine Cheung is a member of the Hong Kong Institute of Surveyors and a member of the Royal Institution of Chartered Surveyors and has extensive valuation experience in Hong Kong.

VALUATION

Property held for Future Development

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 16 November 2009
Kwun Tong Inland Lot No. 240 at No. 98 How Ming Street, Kwun Tong, Kowloon.	<p>The Property comprises a site with a registered site area of approximately 95,830 sq.ft. Currently standing on the site is a 5-storey industrial building completed in about 1966.</p> <p>The total gross floor area of the Property is approximately 281,498 sq.ft.</p> <p>The Property is held under a Government Lease for a term of 21 years from 1 July 1961 renewed for a further term of 15 years less the last 3 days thereof and has been statutorily extended to 30 June 2047.</p> <p>The annual Government rent payable for the Property is an amount equal to 3 per cent of the rateable value of the Property.</p>	The Property is currently vacant.	HK\$980,000,000

Notes:

- (1) The registered owners of the Property are KT Real Estate Limited (Tenants in Common : 1/2) and KT Properties Investment Limited (Tenants in Common : 1/2).
- (2) Kwun Tong Inland Lot No. 240 is subject to a No-objection Letter registered vide Memorial No. UB5200550.
- (3) Existing Government lease contains, inter alia, the following development conditions which relate to the Property:
 - (i) User : Industrial
 - (ii) Building : Factory ancillary offices and quarters for persons essential to the safety and security of the building
 - (iii) Building Height : not exceed a height of 170 feet above principal datum
 - (iv) Parking Space : Space for not less than one vehicle per 10,000 sq.ft. or part of floor area but in any event not less than one vehicle for each 5,000 sq.ft. or part of site area
- (4) The Property is zoned for "Other Specified Uses (Business 1)" uses under Kwun Tong Outline Zoning Plan No. S/K14S/16 dated 12 September 2008. As instructed, the market value quoted above is assessed assuming that application will be made to the Lands Department for a modification of the existing industrial use to business use, with due allowance of the land premium payable and the estimated time required for the processing of the modification.

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS

- (a) As at the Latest Practicable Date, the interests of each Director and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as contained in the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(i) Interests in Shares

Name of Director	Personal interests	Family interests	Corporate interests	Trustee interests	Percentage	
					Total number of shares held	of total issued shares (%)
The Hon Sir Sze-yuen CHUNG [▲]	18,821	—	—	—	18,821	0.005
KWOK Ping-luen, Raymond [#]	393,350	—	—	—	393,350	0.097
Dr. KWOK Ping-sheung, Walter [#]	61,552	—	—	—	61,552	0.015
NG Siu Chan [#]	—	21,000,609	—	—	21,000,609	5.203
William LOUEY Lai Kuen [#]	6,246,941	4,475	—	—	6,251,416	1.549
Dr. John CHAN Cho Chak [#]	2,000	—	—	—	2,000	—
Charles LUI Chung Yuen	12,427	—	—	2,651,750	2,664,177	0.660
				(Note 1)		
Winnie NG [#]	41,416	—	—	21,000,609	21,042,025	5.213
				(Note 2)		
Dr. KUNG Ziang Mien, James [▲]	—	—	172,000	—	172,000	0.043
George CHIEN Yuan Hwei [#]	2,000	—	—	—	2,000	—

([▲] Independent non-executive Directors)

([#] Non-executive Directors)

Notes:

- Mr. Charles Lui Chung Yuen and members of his family together have interests in certain private trusts which beneficially held 2,651,750 shares in the Company.
- Ms. Winnie Ng has interest in 21,000,609 shares in the Company as a beneficiary in certain private trusts which beneficially held the aforesaid block of shares.

- (ii) Interests in shares of HK\$0.10 each of RoadShow Holdings Limited (the “**RoadShow Shares**”), a subsidiary of the Company.

Name of Director	Personal interests	Family interests	Corporate interests	Trustee interests	Percentage	
					Total number of shares held	of total issued shares (%)
The Hon Sir Sze-yuen CHUNG [▲]	4,000	—	—	—	4,000	—
KWOK Ping-luen, Raymond [#]	37,400	—	—	—	37,400	0.004
Dr. KWOK Ping-sheung, Walter [#]	6,600	—	—	—	6,600	0.001
NG Siu Chan [#]	—	123,743	—	—	123,743	0.012
William LOUEY Lai Kuen [#]	412,371	—	—	—	412,371	0.041
Charles LUI Chung Yuen	—	—	—	209,131 <i>(Note 1)</i>	209,131	0.021
Winnie NG [#]	1,000,000	—	—	123,743 <i>(Note 2)</i>	1,123,743	0.113
Dr. KUNG Ziang Mien, James [▲]	—	—	500,000	—	500,000	0.050

[▲] Independent non-executive Directors

[#] Non-executive Directors)

Notes:

- Mr. Charles Lui Chung Yuen and members of his family together have interests in certain private trusts which beneficially held 209,131 RoadShow Shares.
 - Ms. Winnie Ng has interest in 123,743 RoadShow Shares as a beneficiary in certain private trusts which beneficially held the aforesaid block of shares.
- (b) Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company or their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

3. DIRECTORS' INTERESTS IN CONTRACTS

- (a) On 1 June 2009, a subsidiary of SHKP acquired Park Island Transport Company Limited (“PITC”), which was then a wholly-owned subsidiary of the Company, from the Group at a consideration of HK\$110.6 million, of which HK\$70 million represented the consideration for the purchase of the shareholders’ loan owed by PITC to Park Island Transport Holdings Limited, a subsidiary of the Company, and HK\$40.6 million represented the consideration for the acquisition of the total equity interest in PITC.

On 6 March 2009, the Group acquired from a bank in an open secondary market certain fixed rate notes with a total nominal value of HK\$15 million issued by a subsidiary of SHKP.

Pursuant to Part XV of the SFO, Mr. Kwok Ping-luen, Raymond and Dr. Kwok Ping-sheung Walter were deemed to have interests in SHKP which in turn was deemed to be interested in approximately 33% of the Company as at the Latest Practicable Date.

Save as disclosed above, none of the Directors had any direct or indirect interest in any assets which had since 31 December 2008 (being the date which the latest published audited financial statements of the Company were made up) up to the Latest Practicable Date been acquired or disposed of by or leased to any member of the Group.

- (b) As at the Latest Practicable Date, Mr. Kwok Ping-luen, Raymond and Dr. Kwok Ping-sheung, Walter, who had beneficial interests in SHKP, were interested in the following contracts which were significant in relation to the business of the Group:
- (i) On 27 November 2008, the Group entered into various insurance policies with Sun Hung Kai Properties Insurance Limited (“**SHKPI**”), a subsidiary of SHKP, for the provision of insurance services to the Group. The insurance policies, which took effect on 1 January 2009, will last for one year from the effective date of the policies. It is estimated that the annual insurance premium paid and payable by the Group to SHKPI for the year ending 31 December 2009 will amount to approximately HK\$67,700,000. As at the Latest Practicable Date, the outstanding balance payable under this contract was nil; and
 - (ii) On 19 November 2009, the Group entered into various insurance policies with SHKPI for the provision of insurance services to the Group. The insurance policies, which take effect on 1 January 2010, will last for one year from the effective date of the policies. It is estimated that the annual insurance premium paid and payable by the Group to SHKPI for the year ending 31 December 2010 shall not exceed HK\$72,000,000. As at the Latest Practicable Date, the outstanding balance payable under this contract was nil.

Save as disclosed above, none of the Directors was materially interested in any contract or arrangement entered and subsisting at the Latest Practicable Date which was significant in relation to the business of the Group.

4. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given opinions or advices which are contained in this circular:

Name	Qualification
Quam Capital	a licensed corporation under the SFO licensed to carry out type 6 (advising on corporate finance) regulated activity
Knight Frank	an independent professional valuer

Each of Quam Capital and Knight Frank has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they appear.

As at the Latest Practicable Date, Quam Capital and Knight Frank did not have any direct or indirect interest in any assets which have since 31 December 2008 (being the date which the latest published audited financial statements of the Company were made up) been acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, Quam Capital and Knight Frank were not beneficially interested in the share capital of any member of the Group nor have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2008, being the date to which the latest published audited financial statements of the Group were made up.

6. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into a service contract with any member of the Group which does not expire or is not terminable within one year without payment of compensation (other than statutory compensation).

7. COMPETING INTERESTS

Mr. KWOK Ping-luen, Raymond and Dr. KWOK Ping-sheung, Walter are directors of SHKP. According to the 2008/09 annual report of SHKP, each of them are interested or deemed to be interested in more than 10% of shares in SHKP under the SFO. The principal activities of SHKP and its subsidiaries are development of and investment in properties for sale and letting in Hong Kong, which compete, or are likely to compete, directly or indirectly, with the property development business of the Group. However, the Company is and will be able to carry out its business independently under Rule 8.10 of the Listing Rules since the Company and SHKP are managed by two separate board of directors. Furthermore, Mr. Kwok Ping-luen, Raymond and Dr. Kwok Ping-sheung, Walter will abstain from voting on resolutions on which they have material interests at board meetings of the Company.

Saved as disclosed above, as at the Latest Practicable Date, none of the Directors nor their respective associates was considered to have interests in businesses which compete or are likely to compete, either directly or indirectly, with the business of the Group.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours from Monday to Friday (other than public holidays) at the principal office of the Company at 9 Po Lun Street, Lai Chi Kok, Kowloon, Hong Kong up to and including the date of the SGM:

- (a) the Sale and Purchase Agreement;
- (b) the Development Agreement;
- (c) the letter of recommendation from the Independent Board Committee, the text of which is set out on pages 12 and 13 of this circular;
- (d) the letter issued by Quam Capital, the text of which is set out on pages 14 to 23 of this circular;
- (e) the valuation report of Knight Frank in respect of the KT Site, the text of which is set out on pages 24 to 27 of this circular; and
- (f) the written consents of Quam Capital and Knight Frank referred to in paragraph 4 in this appendix.

NOTICE OF SGM



TRANSPORT INTERNATIONAL HOLDINGS LIMITED (載通國際控股有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock code: 62)

NOTICE IS HEREBY GIVEN that a special general meeting (the “**Meeting**”) of Transport International Holdings Limited (the “**Company**”) will be held at The Royal Plaza Hotel, Grand Ballroom, 193 Prince Edward Road West, Kowloon, Hong Kong on 21 January 2010 at 10:00 a.m. for the purpose of considering and, if thought fit, passing (with or without modifications) the following resolutions of the Company:-

ORDINARY RESOLUTIONS

1. “**THAT:-**

- (a) the sale and purchase agreement dated 11 December 2009 (the “**Sale and Purchase Agreement**”) entered into between KT Properties Investment Limited, a wholly-owned subsidiary of the Company, and Turbo Result Limited, a wholly-owned subsidiary of Sun Hung Kai Properties Limited and the transactions contemplated thereunder as described in the circular of the Company dated 30 December 2009 (the “**Circular**”) (a copy of the Sale and Purchase Agreement and the Circular and marked “A” and “B” respectively are produced at the meeting and initialed by the chairman of the meeting for the purpose of identification) and the implementation thereof be and are hereby approved, ratified and confirmed; and
- (b) the directors of the Company be and are hereby authorized for and on behalf of the Company to do all such acts and things, to sign and execute and, where required, to affix the common seal of the Company to all such documents, instruments, deeds and agreements and to take all such steps as they may consider necessary, appropriate, desirable or expedient to give effect to or in connection with the Sale and Purchase Agreement and all other matters incidental thereto.”

2. “**THAT:-**

- (a) the development agreement dated 11 December 2009 (the “**Development Agreement**”, a copy of which is produced at the meeting and marked “C” and initialed by the chairman of

* *For identification purpose only*

NOTICE OF SGM

the meeting for the purpose of identification) entered into among KT Real Estate Limited, Turbo Result Limited, the Company and Sun Hung Kai Properties Limited, and the transactions contemplated thereunder as described in the Circular and the implementation thereof be and are hereby approved, ratified and confirmed; and

- (b) the directors of the Company be and are hereby authorized for and on behalf of the Company to do all such acts and things, to sign and execute and, where required, to affix the common seal of the Company to all such documents, instruments, deeds and agreements and to take all such steps as they may consider necessary, appropriate, desirable or expedient to give effect to or in connection with the Development Agreement and all other matters incidental thereto.”

By Order of the Board
Lana WOO
Company Secretary

Hong Kong, 30 December 2009

Notes:

- (1) Any member of the Company entitled to attend and vote at this meeting shall be entitled to appoint another person as his proxy to attend and to vote instead of him. On a poll, votes may be given either personally (or, in the case a member being a corporation, by its duly authorised representative) or by proxy in accordance with the bye-laws of the Company. A proxy need not be a member of the Company. A member who is a holder of two or more shares of the Company may appoint more than one proxy to represent him and vote on his behalf at this meeting.
- (2) In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the register in respect of the joint holding.
- (3) To be valid, a form of proxy together with any power of attorney or other authority (if any) under which it is executed, or a notarially certified copy thereof, must be delivered to the principal office of the Company at 9 Po Lun Street, Lai Chi Kok, Kowloon, Hong Kong not less than 48 hours before the time appointed for the holding of this meeting or any adjournment thereof.
- (4) Each of the above resolutions will be put to vote by way of a poll at this meeting.
- (5) As at the date of this notice, the Directors of the Company 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, JP 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.
- (6) The translation into Chinese language of this notice is for reference only. In case of inconsistency, the English version shall prevail.