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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)*

**CONNECTED TRANSACTIONS**

On 26 April 2010, KTRE, TRL and SHKRE entered into the Project Management Agreement pursuant to which KTRE and TRL agreed to appoint SHKRE, and SHKRE agreed to accept the appointment, as the project manager for the management, supervision and control of the Project.

KTRE is a wholly-owned subsidiary of the Company. SHKP is a substantial shareholder of the Company, holding approximately 33% interest of the Company as at the date of this announcement. Since TRL and SHKRE are wholly-owned subsidiaries of SHKP, TRL and SHKRE are connected persons of the Company under the Listing Rules. The transactions contemplated under the Project Management Agreement thus constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Given the applicable percentage ratios exceed 0.1% but are less than 2.5%, the transactions contemplated under the Project Management Agreement are subject to the reporting and announcement requirements as set out in Rules 14A.45 and 14A.47 of the Listing Rules and are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

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

**BACKGROUND**

Reference is made to the Announcement and the Circular in relation to (a) 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; and (b) the Development Agreement, pursuant to which KTRE and TRL agreed to, among others, jointly develop the KT Site for non-residential (excluding hotel) purpose and appoint a company as the project manager of the Project. The transactions contemplated under the Sale and Purchase Agreement and the Development Agreement were approved by the Independent Shareholders at the special general meeting of the Company held on 21 January 2010.

The Disposal was completed on 25 January 2010, and the KT Site has then been owned in equal shares by KTRE and TRL as tenants in common.

On 26 April 2010, KTRE, TRL and SHKRE entered into the Project Management Agreement pursuant to which KTRE and TRL agreed to appoint SHKRE, and SHKRE agreed to accept the

appointment, as the project manager for the management, supervision and control of the Project in accordance with the terms under the Project Management Agreement.

## **PRINCIPAL TERMS OF THE PROJECT MANAGEMENT AGREEMENT**

### **Date**

26 April 2010

### **Parties**

- (1) KTRE and TRL, as the Owner
- (2) SHKRE as the Project Manager

### **Subject matter**

The Owner appoints the Project Manager to be the project manager of the Project who generally manages, supervises and controls the Project in accordance with the terms of the Project Management Agreement, and the Project Manager accepts such an appointment.

### **Term of appointment**

From the date of the Project Management Agreement to the date of expiry of (i) the latest defects liability period under contracts entered into in respect of the Project or (ii) the date of issuance of the architect's final certificate under the main building contract for the Project, whichever shall be the later.

### **Project management fee and lease modification fee**

Pursuant to the Project Management Agreement, the Owner shall pay to the Project Manager a project management fee and a lease modification fee in accordance with the Project Management Agreement. All payments required to be paid by the Owner under the Project Management Agreement shall be borne and paid by KTRE and TRL in equal shares.

#### *Project Management Fee*

The project management fee shall be a sum equivalent to whichever is the higher of (1) HK\$20,000,000; and (2) the lower of (a) 1% of the Project Costs and (b) HK\$25,000,000, which fee shall be paid in the following manner:-

- (1) the first payment in the sum of HK\$4,000,000 is payable on the date of the signing of the Project Management Agreement;
- (2) the second payment in the sum of HK\$4,000,000 is payable on the date of first approval of the general building plans of the Project by the Building Authority;
- (3) the third payment in the sum of HK\$4,000,000 is payable on the date of commencement of building works (including foundation works) for the Project;
- (4) the fourth payment in the sum of HK\$4,000,000 is payable on the date of completion of 50% of the construction works for the Project;

- (5) the fifth payment in the sum of HK\$4,000,000 is payable on the date of the issuance of the occupation permit for the Project; and
- (6) the final payment (if any) is payable on the Final Payment Date, which shall be equivalent to:
  - (a) the lower of (i) 1% of the amount of the Project Costs incurred up to the such final payment date and (ii) HK\$25,000,000, less
  - (b) the sum of HK\$20,000,000, being the aggregate of the aforesaid first, second, third, fourth and fifth payments.

The aforesaid project management fee is calculated on the presumption of a maximum gross floor area of 1,150,000 sq.ft. as permitted under the lease terms of the Government Grant to be modified. In the event that bonus plot ratio is obtained under the Building (Planning) Regulations resulting in an increase in the aforesaid maximum gross floor area and such increased bonus plot ratio is utilized for the Project, the project management fee shall be revised to be a sum equivalent to the higher of (1) HK\$20,000,000; and (2) the lower of (a) 1% of the Project Costs and (b) HK\$26,000,000, of which:-

- (1) an amount of HK\$20,000,000 shall be paid by five equal instalments in the same manner as the first, second, third, fourth and fifth payments set out above; and
- (2) the final payment (if any) payable on the Final Payment Date shall accordingly be revised to be an amount equivalent to:-
  - (a) the lower of (i) 1% of the amount of the Project Costs incurred up to the aforesaid final payment date and (ii) HK\$26,000,000, less
  - (b) the sum of HK\$20,000,000.

#### *Lease modification fee*

The Owner shall pay to the Project Manager a lease modification fee for the handling and obtaining of the modification of the lease terms of the Government Grant in the sum of the lower of (1) HK\$3.2 for each square foot of the permitted maximum gross floor area as approved under the lease modification and (2) HK\$3,840,000, of which a sum of HK\$1,840,000 shall be payable upon the signing of the Project Management Agreement and the balance thereof shall be payable upon payment of the balance of the premium to the Government for modification of the lease terms of the Government Grant.

Pursuant to the Development Agreement, the project costs in respect of the Project shall be borne and contributed by KTRE and TRL in equal shares. The estimated project costs of approximately HK\$3.6 billion include the project management fees payable by the Owner to a project manager appointed by them for the purpose of managing and carrying out the Project and in relation to the lease modification.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE PROJECT MANAGEMENT AGREEMENT**

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. However, 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. The Directors consider that it is in the interest of the Group to leverage on the expertise of the SHKP Group in the property development and appoint SHKRE as the project manager of the Project to manage, supervise and control the Project in accordance with the terms of the Project Management Agreement.

The Directors (including the independent non-executive Directors) consider that the terms of the Project Management Agreement are determined and agreed by KTRE and TRL with SHKRE on an arm's length basis and open market terms. The Directors also consider that the terms of the Project Management Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES REQUIREMENTS**

KTRE is a wholly-owned subsidiary of the Company. SHKP is a substantial shareholder of the Company, holding approximately 33% interest of the Company as at the date of this announcement. Since TRL and SHKRE are wholly-owned subsidiaries of SHKP, TRL and SHKRE are connected persons of the Company under the Listing Rules. The transactions contemplated under the Project Management Agreement thus constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Given the applicable percentage ratios exceed 0.1% but are less than 2.5%, the transactions contemplated under the Project Management Agreement are subject to the reporting and announcement requirements as set out in Rules 14A.45 and 14A.47 of the Listing Rules and are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

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

## **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 in the PRC.

TRL is principally engaged in development of and investment in properties. SHKRE is principally engaged in the business of provision of general management and property agency services. The SHKP Group is principally engaged in development of and investment in properties for sale and rent.

## DEFINITIONS

“Announcement”	announcement of the Company dated 11 December 2009 in relation to the Sale and Purchase Agreement and the Development Agreement
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Circular”	circular of the Company dated 30 December 2009 in relation to the Sale and Purchase Agreement and the Development Agreement
“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, details of which are set out in the Announcement and the Circular
“Director(s)”	the director(s) 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
“Final Payment Date”	the date on which the final payment of the project management fee is payable by the KTRE and TRL to the Project Manager, being the date of the issuance of the architect’s final certificate under the main building contract for the Project
“Government”	The Government of Hong Kong
“Government Grant”	the government lease of the KT Site dated 25 August 1967 as varied or modified by a no-objection letter memorial no. UB5200550
“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 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 under the laws of the British Virgin Islands and a wholly-owned subsidiary of the Company
“KTRE”	KT Real Estate Limited, a company incorporated under the laws of 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
“Owner”	KTRE and TRL, which own the KT Site in equal shares as tenants in common
“PRC”	People’s Republic of China
“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”	the costs, charges and expenses incurred or suffered by the Project Manager in the provision or performance of its services or duties under the Project Management Agreement in respect of the Project, which shall include but are not limited to the total cost of construction, the fees for all professional consultants and the fees for all submissions, application and administrative procedure to the Government and other utility bodies as required for the Project, and which shall not include any premium paid to the Government for modification of the Government Grant, the project management fee and the lease modification fee payable to the Project Manager under the Project Management Agreement and the expenses incurred by the Project Manager to employ personnel to carry out the services of the Project Manager under the Project Management Agreement
“Project Management Agreement”	the project management agreement dated 26 April 2010 entered into among KTRE, TRL and SHKRE in relation to the appointment of Project Manager, details of which are set out in the section headed “Principal terms of the Project Management Agreement” in this announcement
“Project Manager”	SHKRE, which is appointed by KTRE and TRL as the project manager for the management, supervision and control of the Project pursuant to the Project Management 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, details of which are set out in the Announcement and the Circular
“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
“SHKRE”	Sun Hung Kai Real Estate Agency Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of SHKP
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“TRL”	Turbo Result Limited, a company incorporated under the laws of British Virgin Islands with limited liability and a wholly-owned subsidiary of SHKP
“%”	per cent

By Order of the Board  
Lana WOO  
Company Secretary

Hong Kong, 26 April 2010

*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, 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.*

*\*For identification purpose only*