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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 and the accompanying form of proxy to the purchaser or transferee or to the bank or to the licensed securities dealer or registered institution in securities 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)

MAJOR AND CONNECTED TRANSACTION
BUILDING CONTRACT
AND
NOTICE OF SPECIAL GENERAL MEETING

Independent Financial Adviser
to the Independent Board Committee and Independent Shareholders

ALTUS CAPITAL LIMITED

Capitalised terms used herein shall have the same meanings as those defined in the section headed "Definitions" of this circular.

A letter from the Board is set out on pages 5 to 12 of this circular. A letter from the Independent Board Committee is set out on pages 13 to 14 of this circular. A letter from the Independent Financial Adviser containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 15 to 28 of this circular.

A notice convening the Special General Meeting to be held at Grand Ballroom I-II, Level 6, Royal Plaza Hotel, 193 Prince Edward Road West, Kowloon, Hong Kong on Friday, 1 February 2019 at 10:00 a.m. is set out on pages 40 to 41 of this circular. A form of proxy is also enclosed. Whether or not you intend to attend and vote at the Special General Meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's principal office at 15/F., 9 Po Lun Street, Lai Chi Kok, Kowloon, Hong Kong as soon as possible and in any event no less than 48 hours before the time appointed for holding of the Special General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Special General Meeting or adjournment thereof.

* *For identification purpose only*

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DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Building Contract”	a contract dated 20 December 2018 entered into amongst KTRE, TRL and the Contractor relating to, <i>inter alia</i> , the Works for the Project
“business day”	a day (excluding Saturday, Sunday and public holiday) on which banks are generally open for business in Hong Kong
“Commencement Date”	within 7 days from the architect’s written notification which is expected to be in June 2019
“Company”	Transport International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 62)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Contract Sum”	HK\$4,436,056,954.36, being the total contract sum payable by KTRE and TRL to the Contractor under the Building Contract
“Contractor”	Yee Fai Construction Company Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of SHKP
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“Independent Board Committee”	an independent board committee of the Board established to advise the Independent Shareholders in respect of the Building Contract and the transactions contemplated thereunder and which comprises of Dr. John CHAN Cho Chak, Professor LIU Pak Wai and Mr. TSANG Wai Hung, being independent non-executive Directors who do not have any material interest in the Building Contract and/or the transactions contemplated thereunder
“Independent Financial Adviser”	Altus Capital Limited, a licensed corporation which is licensed to carry out type 4 (advising on securities), type 6 (advising on corporate finance), and type 9 (asset management) regulated activities under the SFO, an independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Building Contract and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders, other than SHKP and its associates, Mr. Raymond KWOK Ping Luen and Mr. LEE Luen Fai, who do not have a material interest in the Building Contract and the transactions contemplated thereunder
“KTRE”	KT Real Estate Limited, a company incorporated under the laws of the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“KT Site”	Kwun Tong Inland Lot No. 240, No. 98 How Ming Street, Kwun Tong, Kowloon, Hong Kong
“Latest Practicable Date”	8 January 2019, being the latest practicable date prior to the printing of this circular for the purposes of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mainland China”	all areas of the People’s Republic of China, except Hong Kong

DEFINITIONS

“Project”	the application for planning permission, the application for the surrender and regrant of the KT Site and the construction of the KT Site as managed, supervised and controlled by SHKRE as project manager which was previously announced in the announcement of the Company dated 26 April 2010
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“SHKP”	Sun Hung Kai Properties Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Stock Exchange
“SHKP Group”	SHKP and its subsidiaries
“SHKRE”	Sun Hung Kai Real Estate Agency Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of SHKP
“Special General Meeting”	the special general meeting of the Shareholders to be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Building Contract and the transactions contemplated thereunder
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“TRL”	Turbo Result Limited, a company incorporated under the laws of British Virgin Islands with limited liability and a wholly-owned subsidiary of SHKP

DEFINITIONS

“Works”

the building works to be carried out pursuant to the Building Contract involving the construction of a commercial building comprising two 22-storey high office towers with one storey of office lobby, one storey of refuge floor, plus one top roof and one upper roof floor on each office tower, 10-storey high podium and four levels of basement carpark on the KT Site with an estimated gross floor area of approximately 1,150,000 square feet

“%”

per cent.

LETTER FROM THE BOARD

The following is the full text of a letter from the Board for 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)

Independent Non-executive Directors:

Dr. Norman LEUNG Nai Pang, *GBS, JP (Chairman)*
Dr. John CHAN Cho Chak, *GBS, JP (Deputy Chairman)*
Dr. Eric LI Ka Cheung, *GBS, OBE, JP*
Professor LIU Pak Wai, *SBS, JP*
Mr. TSANG Wai Hung, *GBS, PDSM, JP*

Non-executive Directors:

Mr. Raymond KWOK Ping Luen, *JP*
(Ms. Susanna WONG Sze Lai as his alternate)
Mr. NG Siu Chan *(Ms. Winnie NG as his alternate)*
Mr. Charles LUI Chung Yuen, *M.H.*
Mr. William LOUEY Lai Kuen *(Mr. GAO Feng as his alternate)*
Ms. Winnie NG, *JP*
Mr. Allen FUNG Yuk Lun
Dr. CHEUNG Wing Yui, *BBS*
Mr. LEE Luen Fai, *JP*
Mr. LUNG Po Kwan

Executive Director:

Mr. Roger LEE Chak Cheong *(Managing Director)*

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Hong Kong Principal office:

15/F., 9 Po Lun Street
Lai Chi Kok
Kowloon
Hong Kong

LETTER FROM THE BOARD

15 January 2019

To the Shareholders

Dear Sir or Madam,

**MAJOR AND CONNECTED TRANSACTION
BUILDING CONTRACT
AND
NOTICE OF SPECIAL GENERAL MEETING**

1. INTRODUCTION

Reference is made to the following:-

1. the announcement and the circular dated 11 December 2009 and 30 December 2009 respectively in relation to (i) the sale and purchase agreement entered into among KT Properties Investment Limited (“**KTPI**”) and TRL in relation to the disposal of KTPI’s 50% interest in the KT Site to TRL; and (ii) the development agreement entered into among KTRE, TRL, the Company and SHKP pursuant to which KTRE and TRL agreed to, among others, jointly develop the KT Site for non-residential (excluding hotel) purposes;
2. the announcement dated 26 April 2010 in relation to the project management agreement entered into among KTRE, TRL and SHKRE for the appointment of SHKRE as the project manager to manage, supervise and oversee the Project;
3. the announcement dated 4 August 2016 in relation to the offer from the Lands Department accepted by KTRE and TRL for the grant of lease modification for the KT Site from industrial to non-residential use (excluding hotel, petrol filling station and residential care home); and
4. the announcement dated 20 December 2018 in relation to the Building Contract.

The purpose of this circular is (i) to provide you with further information regarding the Building Contract and the transactions contemplated thereunder; (ii) to set out the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Building Contract; (iii) to set out the opinion and recommendation of the Independent Board Committee after taking into consideration of the advice of the Independent Financial Adviser in respect of the Building Contract and the transactions contemplated thereunder; and (iv) to give notice to the Shareholders of the Special General Meeting to be held to consider and, if thought fit, to approve, among other things, the Building Contract and the transactions contemplated thereunder.

LETTER FROM THE BOARD

2. THE BUILDING CONTRACT

Date

20 December 2018

Parties

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

Subject matter

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

Contract Sum

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

The Contract Sum includes, *inter alia*, the costs of all labour, materials, transportation, delivery, insurances and all things and matters necessary and requisite for the fulfilment of the Works. Based on the market norm, the Company has estimated a maximum contingency of 5% of the Contract Sum for the purpose of the adjustments (i.e. approximately HK\$221,802,847.72). The Company will make further announcement (at the time if any actual sums are incurred) if and as required under the Listing Rules.

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

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

LETTER FROM THE BOARD

Valuation of variation orders

The variation orders (as maybe instructed by an architect) will be valued by an independent quantity surveyor having regard to the rates in the priced bills of quantities submitted by the Contractor in its tender (the “**Contract Bills**”) with fair adjustment for the difference in conditions or quantities (where necessary). If the variation order involves work which is not the same or similar in character to the work in the Contract Bills, such variation order will be valued at fair rates determined by the most competitive tender received by the Contractor together with an adjustment for the Contractor’s profit and overheads as may be agreed with such quantity surveyor.

Where the variation order relates to work which cannot be properly measured and valued, such variation order will be valued at prime cost comprising labour, materials, goods, plant and equipment plus overheads and profit according to the daywork rates in the Contract Bills or if not applicable, (i) the labour rates contained in the record of Average Daily Wages of Workers Engaged in Government Building and Construction Projects published by the Census and Statistics Department of the Government; (ii) the net cost of materials and goods plus the cost of packing, carriage and delivery; (iii) the cost of hiring plant and equipment specifically provided for the work together with the cost of transportation, fuel, maintenance and insurance; and (iv) the percentages for overheads and profit on the prime cost of the labour, materials, goods, plant and equipment that are included in the Contract Bills or, where no such percentages are included in the Contract Bills, at 15%.

As valuation will be done by an independent quantity surveyor, the Company considers the pricing of the variation orders to be fair and reasonable.

Payment terms

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

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

LETTER FROM THE BOARD

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

Condition precedent

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

Performance security

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

Expected date of commencement and completion of the Works

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

3. REASONS FOR AND BENEFITS OF THE TRANSACTION

The Building Contract for the Works was entered into for the development of the KT Site as it is in the interest of the Group to leverage on specialists to construct, manage, supervise and complete the Works. Demolition work has been completed on the KT Site and the foundation laying work is underway. Upon completion of the Project, the Group intends to hold the development for long-term investment purposes to generate recurrent rental income for the Group in the years ahead.

SHKP is a long-established and leading property developer in Hong Kong. The appointment of the Contractor, a wholly-owned subsidiary of SHKP with extensive experience and proven track record in building construction, to undertake the Works will generally enhance the co-ordination and cost effectiveness of the construction process and management of the Project.

LETTER FROM THE BOARD

In view of the above, the Board (including the independent non-executive Directors after having considered the advice given by the Independent Financial Adviser as set out in this circular) considers that the terms of the Building Contract and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

4. GENERAL INFORMATION

The principal activity of the Company is investment holding. The principal activities of the Group are the operation of both franchised and non-franchised public transportation, property holdings and development and the provision of media sales service in Hong Kong and Mainland China.

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

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

5. IMPLICATIONS UNDER THE LISTING RULES

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

6. SPECIAL GENERAL MEETING

A notice to convene the Special General Meeting to be held at Grand Ballroom I-II, Level 6, Royal Plaza Hotel, 193 Prince Edward Road West, Kowloon, Hong Kong on Friday, 1 February 2019 at 10:00 a.m. for the purpose of considering and, if thought fit, approving the Building Contract and the transactions contemplated thereunder is set out on pages 40 to 41 of this circular.

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

As Mr. Raymond KWOK Ping Luen (a director of SHKP), is considered to be materially interested in the Building Contract by virtue of his interest in certain issued shares of SHKP, his alternate director who attended the relevant Board meeting in his absence abstained from

LETTER FROM THE BOARD

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

Any Shareholder with a material interest in the Building Contract and the transactions contemplated thereunder and its associates will abstain from voting at the Special General Meeting to approve the Building Contract and the transactions contemplated thereunder. In view of the interest of SHKP in the Building Contract, SHKP and its associates, Mr. Raymond KWOK Ping Luen (by virtue of his interest in certain issued shares of SHKP) and Mr. LEE Luen Fai (by virtue of his family interest in certain issued shares of SHKP) will abstain from voting in relation to the resolutions approving the Building Contract and the transactions contemplated thereunder at the Special General Meeting.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders taken at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the chairman of the Special General Meeting will demand that the resolution to be proposed at the Special General Meeting be decided by poll. An announcement of the poll vote results will be made by the Company after the Special General Meeting in the manner prescribed under Rule 13.39(5) of the Listing Rules.

A form of proxy for use at the Special General Meeting is enclosed herein. Whether or not you intend to attend and vote at the Special General Meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the principal office of the Company at 15/F, 9 Po Lun Street, Lai Chi Kok, Kowloon, Hong Kong as soon as possible and in any event no less than 48 hours before the time appointed for holding of the Special General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Special General Meeting or any adjournment thereof should you so wish.

LETTER FROM THE BOARD

7. FINANCIAL EFFECTS OF THE MAJOR AND CONNECTED TRANSACTION

As mentioned above, the portion of the Contract Sum (subject to adjustments) to be satisfied by the Group will be paid in cash from the Group's internal resources. Accordingly, the entering into of the Building Contract and the transactions contemplated thereunder will not have any material effect on the assets and liabilities of the Group. Moreover, once the commercial and retail complex is completed, it is expected to generate additional rental income which will provide a positive effect on the earnings of the Group in the years ahead.

8. RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 13 to 14 of this circular which contains its recommendation to the Independent Shareholders' voting at the Special General Meeting in relation to the Building Contract and the transactions contemplated thereunder; and (ii) the letter from the Independent Financial Adviser set out on pages 15 to 28 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Building Contract and the transactions contemplated thereunder and principal factors and reasons considered by the Independent Financial Adviser in arriving at its advice.

The Independent Board Committee, having taken into account the factors and reasons considered by, and the advice and recommendation from the Independent Financial Adviser, is of the opinion that the entering into of the Building Contract and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group and are on normal commercial terms which are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

Accordingly, the Board recommends the Independent Shareholders to vote in favour of the ordinary resolution at the Special General Meeting to approve the Building Contract and the transactions contemplated thereunder.

9. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular and the notice of Special General Meeting.

Yours faithfully,
By order of the Board
Roger LEE Chak Cheong
Managing Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the full text of a letter from the Independent Board Committee 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)

15 January 2019

To the Independent Shareholders

Dear Sir/Madam,

MAJOR AND CONNECTED TRANSACTION **BUILDING CONTRACT**

We refer to the circular of the Company dated 15 January 2019 (the “**Circular**”), of which this letter forms part. Unless the context requires otherwise, terms used in this letter shall have the same meanings given to them in the “Definitions” section of the Circular.

As members of the Independent Board Committee, we have been appointed by the Board to advise the Independent Shareholders in connection with the Building Contract and the transactions contemplated thereunder, details of which are set out in the “Letter from the Board” on pages 5 to 12 of the Circular.

Altus Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Building Contract and the transactions contemplated thereunder.

We wish to draw your attention to the “Letter from Independent Financial Adviser” as set out on pages 15 to 28 of the Circular which contains, inter alia, its advice and recommendation to us and the Independent Shareholders as regards to the terms and conditions of the Building Contract and the transactions contemplated thereunder together with the principal factors and reasons for its advice and recommendation.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered, among other matters, the terms of the Building Contract and the transactions contemplated thereunder, and having taken into account the factors and reasons considered by, and the advice and recommendation from the Independent Financial Adviser as stated in its aforementioned letter of advice, we are of the opinion that the entering into of the Building Contract and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group and are on normal commercial terms which are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the Special General Meeting to approve the Building Contract and transactions contemplated thereunder.

Yours faithfully,
Independent Board Committee

Dr. John CHAN Cho Chak,
GBS, JP
Independent
Non-executive Director

Professor LIU Pak Wai,
SBS, JP
Independent
Non-executive Director

Mr. TSANG Wai Hung,
GBS, PDSM, JP
Independent
Non-executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice from Altus Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Transaction as contemplated under the Building Contract, which has been prepared for the purposes of incorporation in this circular.

ALTUS

Altus Capital Limited
21 Wing Wo Street
Central, Hong Kong

15 January 2019

To the Independent Board Committee and the Independent Shareholders

Transport International Holdings Limited

15th Floor,
No. 9, Po Lun Street,
Lai Chi Kok, Kowloon,
Hong Kong

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to a proposed major and connected transaction involving the Building Contract and the transactions contemplated thereunder (the “**Transaction**”) further information on which is contained in the circular of the Company dated 15 January 2019 (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

On 20 December 2018, KTRE, TRL and the Contractor entered into the Building Contract under which KTRE and TRL have engaged the Contractor to carry out and complete the Works for the Project at a Contract Sum of HK\$4,436,056,954.36 (i.e. HK\$2,218,028,477.18 by each of KTRE and TRL) subject to adjustments to be estimated by Arcadis Hong Kong Limited (the “**Quantity Surveyor**”) in accordance with the terms of the Building Contract to cater for, *inter alia*, variation orders as may be instructed by AGC Design Limited (the “**Architect**”) as to the design, quality or quantity of the Works, the amounts payable for the services or goods provided by nominated sub-contractors or nominated suppliers (as the case may be) and the valuation on actual work done in connection with provisional sums, provisional items and provisional quantities provided in the Building Contract as the Project proceeds.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

IMPLICATIONS UNDER THE LISTING RULES

As at the Latest Practicable Date, KTRE is a wholly-owned subsidiary of the Company and SHKP is a substantial shareholder of the Company, holding approximately 37.63% interest in the Company. As TRL and the Contractor are wholly-owned subsidiaries of SHKP, TRL and the Contractor are connected persons of the Company under the Listing Rules. As one of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules exceeds 25% but is less than 100%, the Transaction constitutes both a major transaction and a connected transaction of the Company under the Listing Rules and are subject to reporting, announcement, and independent shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising three independent non-executive Directors, namely Dr. John Chan Cho Chak, Professor Liu Pak Wai and Mr. Tsang Wai Hung, has been established to consider the terms of the Transaction, and to give advice and recommendations to the Independent Shareholders as to (i) whether the Transaction was entered into in the ordinary and usual course of business of the Group and in the interests of the Group and the Shareholders as a whole; (ii) whether the terms of the Building Contract are on normal commercial terms or better and are fair and reasonable; and (iii) how the Independent Shareholders should vote in respect of the resolutions relating to the Transaction to be proposed at the Special General Meeting.

THE INDEPENDENT FINANCIAL ADVISER

As the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to (i) whether the Transaction was entered into in the ordinary and usual course of business of the Group and in the interests of the Group and the Shareholders as a whole; (ii) whether the terms of the Building Contract are on normal commercial terms or better and are fair and reasonable; and (iii) how the Independent Shareholders should vote in respect of the resolutions relating to the Transaction to be proposed at the Special General Meeting. We have not acted as an independent financial adviser or financial adviser for other transactions of the Group in the last two years prior to the date of the Circular. Pursuant to Rule 13.84 of the Listing Rules, and given that the remuneration for our engagement to opine on the Transaction is at market level and not conditional upon successful passing of the resolutions, and that our engagement is on normal commercial terms, we are independent of the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR ADVICE

In formulating our opinion, we have reviewed, amongst others, (i) the Building Contract; (ii) the Project's procurement policy for professional consultancy and construction services dated 8 May 2017 (the "**Procurement Policy**"); (iii) the documents relating to the Tender (as defined below); (iv) the Company's annual report for the year ended 31 December 2017 (the "**FY2017 Annual Report**"); (v) the Company's interim report for the six months ended 30 June 2018 (the "**FY2018 Interim Report**"); and (vi) other information as set out in the Circular.

We have relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company, the Directors and the management of the Company (the "**Management**") as well as the Quantity Surveyor. We have assumed that all statements, information, opinions and representations contained or referred to in the Circular and/or provided to us were true, accurate and complete at the time they were made and continued to be so as at the date of the Special General Meeting. The Independent Shareholders will be informed as soon as practicable when we are aware of any material change in all statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company, the Directors, the Management and the Quantity Surveyor.

We have no reason to believe that any statements, information, opinions or representations relied on by us in forming our opinion is untrue, inaccurate or misleading at the time they were made or will be untrue, inaccurate or misleading as at the date of the Special General Meeting, nor are we aware of any material facts, the omission of which would render the statements, information, opinions or representations provided to us to be untrue, inaccurate or misleading. We have assumed that all the statements, information, opinions and representations for matters relating to the Group contained or referred to in the Circular and/or provided to us by the Company, the Directors, the Management and the Quantity Surveyor have been reasonably made after due and careful enquiry. We consider that we have been provided with and have reviewed sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have relied on such statements, information, opinions and representations and have not conducted any independent investigation into the business, financial conditions and affairs or the future prospects of the Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendations, we have taken into consideration the following principal factors and reasons:

1. Information of the Group

1.1 Background of the Group

The Group's core and regular business is the provision of franchised public bus services in Hong Kong by means of its flagship subsidiary, The Kowloon Motor Bus Company (1933) Limited, and Long Win Bus Company Limited. The Group also offers non-franchised tailor-made transport services for a wide range of customers in Hong Kong and a 24-hour cross-boundary shuttle bus service.

In addition, the Company strategically holds a portfolio of properties for rental and development purposes in order to diversify its income sources. The rental properties under the property holdings and development division as stated in the FY2017 Annual Report consist of a shopping centre, an office building and an industrial property, which provide the Company with steady rental income.

1.2 The Group's property holdings and development

An overview of the Group's property holdings and development can be found below, as extracted from the FY2017 Annual Report.

Property	Usage	Total Gross Floor Area (sq.ft.)	Group's Interest %	Remarks
Kwun Tong Inland Lot No. 240, 98 How Ming Street, Kwun Tong, Kowloon ("KT Site") (Note)	Retail/Office	1,150,000	50	The site was acquired at public auction in 1967
TIH Headquarters Building, 9 Po Lun Street, Lai Chi Kok, Kowloon	Office/Shops	156,700	100	The site was acquired at market price through private purchase in 1955
Tuen Mun Town Lot No. 80, 1 Kin Fung Circuit, Tuen Mun, New Territories	Industrial/Godown	105,900	100	The site was acquired at public auction in 1974
Manhattan Mid-town, 1 Po Lun Street, Lai Chi Kok, Kowloon	Shopping Centre	50,000	100	The site was acquired at market price through private purchase in 1955

Note: This is the subject of the Project

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

1.3 Information on the KT Site, the Project and the Works

The Group is developing the KT Site which is situated at Kwun Tong Inland Lot No. 240, No. 98 How Ming Street, Kwun Tong, Kowloon, Hong Kong with a registered site area that was acquired at public auction in 1967. The plan is to redevelop the area from the former bus depot into a commercial complex with a maximum allowable gross floor area of approximately 1,150,000 sq.ft. The proposed commercial development comprises two 22-storey high office towers with one storey of office lobby, one storey of refuge floor, plus one top roof and one upper roof floor on each office tower, 10-storey high retail podium and four levels of basement carpark.

On 4 August 2016, KTRE and TRL accepted the offer from the Lands Department of the Hong Kong Government, for the grant of lease modification for the KT Site from industrial to non-residential use (excluding hotel, petrol filling station and residential care house) at a land premium of HK\$4.305 billion.

The scope of the Works under the Building Contract involves, *inter alia*, the construction of the aforesaid commercial building.

1.4 Financial Information of the Group

Set out below is a summary of the financial results of the Group for the years ended 31 December 2016 and 2017 (“FY2016” and “FY2017”, respectively) as extracted from the FY2017 Annual Report, and for the financial results for the six months ended 30 June 2018 as extracted from the FY2018 Interim Report:

Extract of Consolidated Statement of Profit or Loss and Other Comprehensive Income

	For the six months ended 30 June 2018	For the year ended 31 December	
	2018	2017	2016
	<i>HK\$'million</i>	<i>HK\$'million</i>	<i>HK\$'million</i> (restated)
Revenue	3,933	7,900	7,744
Gross rentals from investment properties	34	74	64
Profit before taxation	361	1,008	1,017
Profit after taxation from continuing operations	308	860	866
Profit attributable to equity shareholders	308	1,295	831

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Extract of Consolidated Statement of Financial Position

	As at 30 June	As at 31 December	
	2018	2017	2016
	<i>HK\$'million</i>	<i>HK\$'million</i>	<i>HK\$'million</i>
Non-current assets	13,825	12,833	11,539
Current assets	1,663	1,773	1,774
Current liabilities	1,431	1,335	1,397
Non-current liabilities	3,936	3,779	3,944
Net asset	10,121	9,543	7,972

Source: FY2017 Annual Report and FY2018 Interim Report

FY2017 vs FY2016

The Group's revenue for FY2017 amounted to HK\$7,899.9 million, an increase of HK\$155.7 million or 2.0% compared with HK\$7,744.2 million for FY2016. The increase was mainly due to the increase in revenue from the Group's franchised public bus operations of HK\$125.1 million, primarily as a result of patronage growth. In addition, rental income arising from the Group's investment properties also increased.

The Group's profit attributable to equity shareholders for FY2017 was HK\$1,294.8 million, an increase of HK\$463.9 million or 55.8% compared to HK\$830.9 million for FY2016. The significant increase in profit was mainly attributable to the one-off gain of HK\$439.6 million arising from the disposal of the entire 73% equity interest in RoadShow Holdings Limited during 2017.

The Group's Property Holdings and Development Division reported a profit after taxation of HK\$54.6 million for FY2017, representing an increase of HK\$9.0 million or 19.7% compared with HK\$45.6 million for FY2016. Rental income increased by 21.1% from HK\$61.0 million in FY2016 to HK\$73.9 million in FY2017.

The Group recorded an increase of net assets of 19.7% from HK\$7,971.5 million as at 31 December 2016 to HK\$9,542.9 million as at 31 December 2017.

For the six months ended 30 June 2018 vs the six months ended 30 June 2017

The Group's unaudited revenue for the first half of 2018 amounted to HK\$3,932.6 million, an increase of HK\$28.4 million or 0.7% compared with HK\$3,904.2 million for the first half of 2017.

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The Group's unaudited profit attributable to equity shareholders of the Company for the six months ended 30 June 2018 was HK\$308.1 million, representing a decrease of HK\$70.1 million or 18.5% compared with the corresponding period in 2017. The decrease in profit was mainly due to the increase in fuel costs and staff costs as a result of rising international fuel prices and annual pay rise respectively.

The Group's Property Holdings and Development Division reported a profit after taxation of HK\$27.1 million for the first half of 2018, representing a decrease of HK\$1.9 million or 6.6% compared with HK\$29.0 million for the corresponding period in 2017. Revenue decreased by HK\$3.4 million or 9.0% from HK\$37.7 million for the first half of 2017 to HK\$34.3 million for the first half of 2018.

The Group recorded an increase of net assets of 6.1% from HK\$9,542.9 million as at 31 December 2017 to HK\$10,120.8 million as at 30 June 2018.

2. Reasons for entering into the Building Contract

As stated in the section "Background of the Group" above, while the Group also strategically holds a portfolio of properties for rental and development purposes in its ordinary and usual course of business for income diversification, the Group's core and regular business is the provision of franchised public bus services and non-franchised transport services in Hong Kong.

Given it is not the principal business of the Group to undertake building construction, it is in the interest of the Group to leverage on specialists to construct, manage, supervise and complete the Works. Hence, the group have entered into the Building Contract for such Works. We are of the view that the appointment of specialists with extensive experience and proven track records in building construction to undertake the Works will generally enhance the co-ordination and cost effectiveness of the construction process and management of the Project. We are also of the view that it is reasonable that the Group enters into the Transaction, as this would enable them to leverage on the expertise and experience of specialists such as the Contractor.

3. Key professional parties involved in the Project

The key professional parties involved in the Project include:

- (i) SHKRE, being the project manager (*Note*);
- (ii) the Quantity Surveyor;
- (iii) the Architect;

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- (iv) WSP (Asia) Limited, being the electrical and mechanical engineer (the “**Electrical and Mechanical Engineer**”); and
- (v) Ove Arup and Partners Hong Kong Limited, being the structural engineer (the “**Structural Engineer**”).

Note: The project manager was appointed in 2010 by KTRE and TRL to generally manage, supervise and control the Project in accordance with the terms of the project management agreement. The project manager is a wholly-owned subsidiary of SHKP and is a connected person. Please refer to the announcement of the Company dated 26 April 2010 in relation to the project management agreement entered into among KTRE, TRL and SHKRE for the appointment of SHKRE as the project manager to manage, supervise and oversee the Project.

The Quantity Surveyor, the Architect, the Electrical and Mechanical Engineer as well as the Structural Engineer are independent third parties. They form the task force which conducted the tender assessment and provides recommendation to KTRE and TRL.

4. Selection process of the Contractor

The professional parties were appointed by KTRE and TRL in accordance with the Procurement Policy. We are of the view that the procedures such as those stipulated in the Procurement Policy are common market practice, in particular in joint ventures. Certain key features of the Procurement Policy are as follows:

- A three-tier management structure for the Project comprising three committees – whose purpose is to administer the Procurement Policy in accordance with their respective roles and responsibilities.
- Different approval limits and authority for each tier of committee.
- Each tier of committee comprises four members (two representatives from KTRE and two representatives from TRL).
- The requirements and processes of the Tender.

The Quantity Surveyor, the Architect, the Electrical and Mechanical Engineer and the Structural Engineer were appointed by KTRE and TRL in accordance with the Procurement Policy. On the same basis, under such policy in selecting the Contractor, KTRE and TRL are required to conduct a tender process which in principle consists of at least three tenderers.

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We have reviewed the documentation relating to the selection of the Contractor and noted the tender process below had been conducted. It is noted that the process was coordinated by the Quantity Surveyor who has adequate market knowledge of reputation and performance of potential contractors.

- (i) In August 2018, the Quantity Surveyor identified ten potential contractors to be considered for tender of the Building Contract. Based on the criteria of organisational experience and capabilities, the Quantity Surveyor had discussed its findings on each of the potential contractors with KTRE and TRL where eventually, four potential contractors (including the Contractor) were shortlisted and invited to submit tender to act as main contractor for the Project (the “**Tender**”).
- (ii) The four invitations were sent in September 2018 together with a standardised tender document containing bills of quantities (BQ) information and drawings and requesting for a lump sum tender price. The expected delivery date of the Project was also stipulated.
- (iii) Following the invitations, three proposals were received by the tender closing date on 29 October 2018. One of the invitees informed the Quantity Surveyor of its intention not to submit a proposal.
- (iv) The tender proposals were opened on the closing date and all three tenderers were separately invited to attend a technical interview on 30 October 2018 during which the tenderers presented details of their proposals and clarifications on proposal queries were made. Further interviews were conducted with each of the tenderers on 13 November 2018 to finalise its details, including the final best offer price.

Based on (i) above, the requirement under the Procurement Policy was met. In addition, we are of the view that the three tenders (out of four invitations made) received were adequate in instilling competitiveness in the tender selection process.

It is noted under (ii) above that the tender documents sent to each invitee contain the same scope of work, specifications and drawings, allowing the tenderers to provide their proposals on the same basis. Together with the subsequent interviews described in (iii) and (iv) above to clarify necessary technical details, the processes had enabled the selection to be conducted on a comparable basis. The Quantity Surveyor has confirmed that the abovementioned tender selection process is in line with market norm.

Having considered the above, we are of the view that in selecting the Contractor, due process had been conducted.

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5. Tender assessment and results

A task force comprising the main four professional parties, being the Quantity Surveyor, the Architect, the Electrical and Mechanical Engineer and the Structural Engineer was formed to conduct the tender assessment. The selection was made by them having assessed (a) the architectural and technical aspects, in particular, the tenderers' understanding of the scope of work, their proposed method statement for the work and construction program, their manpower and resources as well as safety and environmental considerations, and building information modelling (BIM) implementation; and (b) the contractual and financial aspects of the tenders including the lump sum tender price as well as project delivery timeframe.

In respect of item (a) above, a tender assessment was based on the following criteria as well as the presentation at the technical interview. The list below sets out the criteria considered in the tender assessment:

- (i) Understanding of the scope of work
- (ii) Method statement
- (iii) Site planning
- (iv) Detailed construction programme
- (v) Milestone dates
- (vi) Construction logistics
- (vii) Manpower
- (viii) Organisation chart/expertise
- (ix) Safety
- (x) Environmental considerations

Overall score

We have reviewed the general technical score and ranking along with the detailed analysis of each criterion. It was concluded by the task force in the tender assessment that the Contractor has the highest overall rating, including having been rated better than the second best tenderer in four out of ten criteria. On the remaining criteria, the Contractor was of similar standard as the second best tenderer. The Contractor has also demonstrated a thorough understanding of the complexity and demand of the Works, and has proactively made proposals of appropriate construction technologies and methodologies; and the Contractor has shown willingness to enhance occupational health and safety measures as elaborated below.

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Price

In respect of item (b) above, all three tenderers submitted a lump sum bid. The Contractor submitted the lowest bid for (i) the initial offer price; and (ii) the final best offer price.

We note that the Quantity Surveyor has independently estimated the contract value of the Building Contract based on the same tender specifications and its internal cost reference. The final best offer tender price of the Contractor is slightly lower than such estimate of the Quantity Surveyor. We believe the above further demonstrates the fairness and reasonableness of the Contractor's tender price.

Having considered the tender outcome above and the assessment process by these independent professional third parties, we are of the view that the results of the Tender in selecting the Contractor as the main contractor of the Project is fair and reasonable.

Alternative enhancement proposals

Furthermore, we note that the Contractor proposed two alternative enhancement proposals for the Company's consideration, whereas the other tenderers did not submit any alternative enhancement proposals.

Principally, one of the alternative enhancement proposals involves: (i) alternative design of certain excavation works and connection between piles and floor structure; and (ii) post-tensioning works. Such alternative enhancement proposals could potentially shorten the contract period by 61 calendar days (i.e. 1,189 calendar days compared to the original 1,250 calendar days). The other alternative enhancement proposal involves enhancement of occupational health and safety procedures.

Having considered the outcome of the Tender above and the assessment process by the task force comprising all independent professional third parties, we are of the view that the results of the Tender in selecting the Contractor as the main contractor of the Project is fair and reasonable.

6. Key terms of the Building Contract

The Building Contract was entered into among KTRE, TRL and the Contractor on 20 December 2018 under which, KTRE and TRL have engaged the Contractor to carry out the Works for the Project.

Contract Sum

KTRE and TRL shall pay the Contractor, in equal share, the Contract Sum of HK\$4,436,056,954.36 (i.e. HK\$2,218,028,477.18 each) subject to adjustments to be estimated by the Quantity Surveyor in accordance with the terms of the Building Contract taking into account, *inter alia*, variations as may be instructed by the Architect as to the design, quality or quantity of the Works, the amounts payable for the services or goods provided by nominated

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sub-contractors or nominated suppliers (as the case may be) and the valuation on actual work done in connection with provisional sums, provisional items and provisional quantities provided in the Building Contract. The Contract Sum includes *inter alia*, the costs of all labour, materials, transportation, delivery, insurances and all things and matters necessary and requisite for the fulfilment of the Works.

Based on the market norm, the Company has estimated a contingency of 5% of the Contract Sum for the purpose of the adjustments (i.e. approximately HK\$221,802,847.72).

The Contract Sum is based on the price offered by the Contractor under the Tender. Meanwhile, we note that a contingency of 5% in the value of the Transaction has been provided based on the Contract Sum. As per our discussion with the Quantity Surveyor, we understand that the aforesaid level of contingency is in line with the market norm, which for example, is a general practice in government-related contracts. The buffer amount is mainly to cater for any variation orders (instructed by the Architect) as to the design, quality or quantity of the Works, the amounts payable for the services or goods provided by nominated sub-contractors or nominated suppliers (as the case may be) and the valuation on actual work done in connection with provisional sums, provisional items and provisional quantities provided in the Building Contract as the Project proceeds. On this basis, we are of the view that the value of the Transaction, being the Contract Sum along with a contingency of 5% is fair and reasonable.

In respect of variation orders mentioned above, we noted that their general terms are spelt out in the Building Contract. Based on our discussion with the Quantity Surveyor, we understand the general terms are based on the standard form of building contract published by The Hong Kong Institute of Architects. While amendments have been made on certain specific terms, the Quantity Surveyor noted they were made for clarity purposes and do not alter the essence under the standard form. The Quantity Surveyor also confirms that, based on their experience, the terms relating to variation orders in the Building Contract are in line with industry practices. We also noted that variation orders (if any) will be verified by the Architect and the value of such variation orders will be determined independently by the Quantity Surveyor. Details of the procedures regarding the valuation of variation orders are set out in the Letter from the Board in the Circular.

Based on the above, we are of the view that the basis of determining any variation orders, including the relevant pricing, as stipulated under the Building Contract is fair and reasonable and on normal commercial terms.

Payment terms

Details of the payment terms can be found in the Letter from the Board in the Circular. In particular, we note that the progress payments to be made by KTRE and TRL shall be based on the interim certificates which will be independently assessed by the Quantity Surveyor based on its estimation of amount of work done, and thereafter certified by the Architect. In addition, there will be a retention amount of 10% of the estimated gross valuation of the Contractor's work in progress for each interim certificate, which will not exceed 5% of the Contract Sum in total excluding the sums payable to the nominated sub-contractors and nominated suppliers.

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We are of the view that the independent assessment and the retention amount arrangement can ensure that the payments to the Contractor are fairly determined and safeguard the interests of KTRE and TRL. We are therefore of the view that the payment terms under the Building Contract are fair and reasonable.

Performance security

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

Expected date of commencement and completion of the Works

The Works are expected to commence on the Commencement Date and are expected to be completed within 1,250 days from and including the Commencement Date.

We noted that as part of the Tender, the Contractor has proposed certain construction methodologies which would potentially shorten the contract period by 61 calendar days (i.e. 1,189 calendar days compared to the original 1,250 calendar days). Such proposal is advantageous to the Project and may enhance its cost effectiveness.

Condition precedent

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

Overall we are of the view that the terms and conditions of the Building Contract are on normal and commercial terms and are fair and reasonable.

7. Background Information on the Contractor and the SHKP Group

The Contractor is a wholly-owned subsidiary of the SHKP Group, which is well-established in the property development, construction and management industry. As disclosed in the 2017/18 annual report of SHKP Group, as at 30 June 2018, the SHKP Group is involved in Hong Kong's (i) property development with 22.7 million sq.ft. of land under development, where the majority are for sale; (ii) property investment with 33.8 million sq.ft. of completed properties, where the majority are for rent and investment purposes; (iii) property related businesses such as hotel, construction, insurance and mortgage services; (iv) mobile telephone services, data centres and IT infrastructures; (v) infrastructure and other businesses; and (vi) property management businesses.

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SHKP is a long established and leading property developer in Hong Kong and the SHKP Group also has an extensive track record and recognition in the property industry. The awards SHKP Group received in 2018 include 18 Euromoney real estate awards, including the top honour award: “Global Best Developer – Overall” in the regions: “Global”, “Asia” and “Hong Kong”. Some other notable awards include the “Best Real Estate Company in Asia” and the “Best Managed Company in Hong Kong”, awarded by FinanceAsia.

The Contractor was established in 1994 and thus has accumulated over 20 years of experience in the building construction industry. In 2017, the Contractor has won the HKBIA “Quality Sub-Contractor” award. We are of the view that the Contractor has the necessary experience and track record in building construction to undertake the Works.

Based on the above, we concur with the Board that besides the favourable terms offered by the Contractor under the Tender, it is reasonable for the Group to appoint the Contractor as they possess extensive experience and proven track record in building construction, to undertake the Works to enhance the co-ordination and cost effectiveness of the construction process and management of the Project.

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that the Transaction is in the ordinary and usual course of business of the Group and conducted on normal commercial terms which are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the resolutions approving the Transaction to be proposed at the Special General Meeting.

Yours faithfully,
For and on behalf of
Altus Capital Limited
Chang Sean Pey
Executive Director

Mr. Chang Sean Pey (“Mr. Chang”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 4 (advising on securities); Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and permitted to undertake work as a sponsor. He is also a Responsible Officer of Altus Investment Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Mr. Chang has over 20 years of experience in banking, corporate finance advisory and investment management. In particular, he has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance advisory transactions.

A. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018 are disclosed in the following documents which have been published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://http://www.irasia.com/listco/hk/transport/>) and which can be accessed by the direct hyperlinks below:

- the annual report of Company for the year ended 31 December 2015 published on 25 April 2016 (pages 126 to 191):

<http://www3.hkexnews.hk/listedco/listconews/SEHK/2016/0425/LTN20160425772.PDF>

- the annual report of the Company for the year ended 31 December 2016 published on 12 April 2017 (pages 132 to 207):

<http://www3.hkexnews.hk/listedco/listconews/SEHK/2017/0412/LTN201704121156.PDF>

- the annual report of the Company for the year ended 31 December 2017 published on 16 April 2018 (pages 120 to 207):

<http://www3.hkexnews.hk/listedco/listconews/SEHK/2018/0416/LTN201804169985.PDF>

- the interim report of the Company for the six months ended 30 June 2018 published on 11 September 2018 (pages 16 to 46):

<http://www3.hkexnews.hk/listedco/listconews/SEHK/2018/0911/LTN20180911329.pdf>

B. INDEBTEDNESS

As at 30 November 2018, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had bank loans of approximately HK\$2,675 million, all of which were unsecured. In addition, certain guarantees were given to a bank by the Company in respect of bank loans extended to certain wholly-owned subsidiaries. As at 30 November 2018, the maximum liability of the Company under the guarantees is the amount of the facilities drawn down by the subsidiaries that are covered by the guarantees, being HK\$1,515 million.

Save as aforesaid or as otherwise disclosed herein and apart from intra-group liabilities, the Group did not have any loan capital issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptance or acceptable credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities as at 30 November 2018.

C. WORKING CAPITAL

The Directors are of the opinion that after taking into account the financial resources available to the Group, the Group will have sufficient working capital to meet its present requirements for at least the next 12 months following the date of this circular in the absence of unforeseen circumstances.

D. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, there had been no material adverse change in the financial or trading position or outlook of the Group since 31 December 2017 (being the date to which the latest published audited consolidated financial statements of the Company were made up).

E. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Looking ahead, the operating environment of the franchised bus business is challenging. International fuel prices have rebounded to a high level while the tight local labour market has led to a steep rise in staff costs. Continued rail network expansion, in particular the soon to be opened Shatin to Central Link, and worsening traffic congestion have further undermined the competitiveness of bus services. The Group seeks to improve operational efficiency and achieve better use of resources through further bus route rationalisation and expansion of its service network, as well as by leveraging business opportunities presented by the planned development of new towns in the northern New Territories, including Hung Shui Kiu, and land reclamation off Tung Chung East.

The KT Site, in which the Group has a 50% stake, is planned for development into a large-scale commercial and retail complex. The initial stage of foundation laying work has started and the development is expected to generate additional rental income for the Group in the years ahead.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DIRECTORS' DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which 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 and short positions which he was taken or deemed to have under such provisions of the SFO) or are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") 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	Other interests	Total number of shares held	Approximate % of total issued shares
Dr. John CHAN Cho Chak*	2,000	–	–	–	–	2,000	–
Raymond KWOK Ping Luen	461,423 (note 1)	–	–	–	–	461,423	0.11%
NG Siu Chan	–	24,107,256	–	–	–	24,107,256	5.55%
William LOUEY Lai Kuen	7,039,219	–	–	–	24,493,045 (note 2)	31,532,264	7.26%
Charles LUI Chung Yuen	13,829	–	–	2,911,146 (note 3)	–	2,924,975	0.67%
Winnie NG (Director and Alternate Director to Mr NG Siu Chan)	181,416	–	–	24,107,256 (note 4)	–	24,288,672	5.59%
Roger LEE Chak Cheong	115,943	–	–	–	–	115,943	0.03%
LEE Luen Fai	–	30,000	–	–	–	30,000	0.01%

* Independent Non-executive Director

Notes:

1. Of these shares, Mr. Raymond Kwok Ping Luen held 461,423 shares jointly with his spouse.
2. Mr. William Louey Lai Kuen, Ms. Phyllis Louey and Ms. Carol Wilma Louey entered into a shareholders voting agreement and together have interests in 31,532,264 shares.
3. Mr. Charles Lui Chung Yuen and members of his family together had interests in certain private trusts which beneficially held 2,911,146 shares.
4. Ms. Winnie Ng had interest in 24,107,256 shares as a beneficiary in certain private trusts which beneficially held the aforesaid block of shares.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which 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 and short positions which he was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or were required pursuant to the Model Code to be notified to the Company and the Stock Exchange.

(ii) Share options in the Company

Name of Director	No. of options outstanding at 1 January 2017	No. of shares acquired on exercise of options during the year	No. of options forfeited during the year	No. of options		Period during which options are exercisable	Exercise price per share	Market value per share at date of grant of options*
				outstanding at 31 December 2017	Date granted			
Roger LEE Chak Cheong	860,000	-	-	860,000	31 October 2016	31 October 2017 to 30 October 2021 (<i>note</i>)	HK\$23.45	HK\$23.45

* being the closing price of the Shares on the date of grant or exercise, as applicable.

Note: All the options are vested and exercisable progressively and the maximum percentage of the options which may be exercised is determined in stages as follows:

	Percentage of options granted
On or after 31 October 2017	30%
On or after 31 October 2018	60%
On or after 31 October 2019	100%

3. INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register required to be maintained by the Company pursuant to Section 336 of the SFO:

	Registered shareholders	Corporate interests	Trustee interests	Total number of shares held	Approximate percentage of total issued shares
HSBC Trustee (C.I.) Limited	–	–	163,536,513	163,536,513	37.63%
Sun Hung Kai Properties Limited (<i>Notes 1 and 2</i>)	–	163,536,513	–	163,536,513	37.63%
Arklake Limited (<i>Note 1</i>)	88,321,018	–	–	88,321,018	20.3%
Hung Fat (Hop Kee) General Contractors Limited (<i>Note 1</i>)	26,771,544	–	–	26,771,544	6.2%
Wister Investment Limited (<i>Note 1</i>)	23,749,114	–	–	23,749,114	5.5%
HSBC International Trustee Limited	37,805,269	–	–	37,805,269	8.7%
Kwong Tai Holdings (PTC) Limited (<i>Note 3</i>)	24,107,256	–	–	24,107,256	5.5%

Notes:

- The interest disclosed by SHKP includes the 138,841,676 shares disclosed by Arklake Limited, Hung Fat (Hop Kee) General Contractors Limited and Wister Investment Limited.
- Under The Code on Takeovers and Mergers (the “**Takeovers Code**”), a person will be subject to mandatory offer obligations if such person acquires, whether by a series of transactions over a period of time or not, 30% or more of the voting rights of a company. Such threshold was reduced from 35% to 30% with effect from 19 October 2001. However, transitional provisions apply where a person, or two or more persons acting in concert, holds 30% or more of the voting rights of a company but less than 35% of such voting rights immediately prior to 19 October 2001. For so long as such holding remains in this range and until ten years after that date, the Takeovers Code shall be interpreted and applied as if the 30% trigger in Rule 26.1(a) and (b) of the Takeovers Code was 35% for such person or persons and such person or persons are not subject to the 2% creeper under Rule 26.1(c) and (d) of the Takeovers Code. In this regard, SHKP held 30% or more of the voting rights of the Company but less than 35% of such voting rights immediately prior to 19 October 2001, and the above transitional provisions apply to SHKP for so long as its holding remains within the range of 30% and 35% for a period of ten years after 19 October 2001. With effect from 19 October 2011, the above transitional provisions expired and SHKP is subject to the 2% creeper under Rules 26.1(c) and (d) of the Takeovers Code.
- The interest disclosed by Kwong Tai Holdings (PTC) Limited includes 24,107,256 shares disclosed by Mr. Ng Siu Chan and Ms. Winnie Ng, both of whom are Directors of the Company.

Save as disclosed above, as at the Latest Practicable Date, the Company had not been notified of any persons (other than a Director or chief executive of the Company) having an interest or short position in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register required to be maintained by the Company pursuant to Section 336 of the SFO.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group (excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation)).

5. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors and their respective close associates (as defined in the Listing Rules) had any interest in any business which directly competes or may compete with the business of the Group or had any other conflict of interest with the Group.

6. COMMON DIRECTORS

As at the Latest Practicable Date, the Directors who were directors or employees of a company which had interests or short positions in shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

Name of Director	Relevant companies in which the Director is also a director or employee
Dr. Norman LEUNG Nai Pang	Sun Hung Kai Properties Limited
Dr. Eric LI Ka Cheung	Sun Hung Kai Properties Limited
Mr. Raymond KWOK Ping Luen	Sun Hung Kai Properties Limited
Mr. Allen FUNG Yuk Lun	Sun Hung Kai Properties Limited
Mr. LUNG Po Kwan	Sun Hung Kai Properties Limited
Mr. LEE Luen Fai	Sun Hung Kai Properties Limited

7. DIRECTORS' INTERESTS IN ASSETS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2017 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by, or leased to, or were proposed to be acquired or disposed of by, or leased to, any member of the Group.

8. DIRECTORS' INTERESTS IN CONTRACTS OR ARRANGEMENTS

As at the Latest Practicable Date, Mr. Raymond KWOK Ping Luen, a non-executive Director and a substantial shareholder of SHKP, was materially interested in the following transactions entered into between certain subsidiaries of the Group and certain subsidiaries of SHKP which were significant in relation to the business of the Group as a whole:

- (a) During the period between 31 December 2017 and 30 June 2018, the Group provided coach services to certain subsidiaries of SHKP, a substantial shareholder of the Company. The amounts received and receivable for these coach services amounted to HK\$4.5 million (six months ended 30 June 2017: HK\$4.0 million). Outstanding balances due from these companies at 30 June 2018 amounted to HK\$2.1 million (31 December 2017: HK\$3.1 million).
- (b) The Group also provided coach services to residents of certain residential property developments managed by SHKP Group where the SHKP Group acts as agent for collection of the service fees ("**Coach Service Arrangements**"). The amounts received and receivable for these Coach Service Arrangements amounted to HK\$18.4 million (six months ended 30 June 2017: HK\$16.6 million). Outstanding balances due from these companies at 30 June 2018 amounted to HK\$7.2 million (31 December 2017: HK\$8.4 million).
- (c) In 2017 and 2016, the Group entered into contracts with a subsidiary of SHKP, Sun Hung Kai Properties Insurance Limited, for the provision of insurance services to the Group for the period from 1 January 2017 to 31 December 2018 (the "**2017/18 Insurance Arrangements**") and for the period from 1 January 2018 to 31 December 2019 (the "**2018/19 Medical and Dental Insurance Arrangement**") respectively. The amount paid and payable under the 2017/18 Insurance Arrangements and 2018/19 Medical and Dental Insurance Arrangement for the six months ended 30 June 2018 amounted to HK\$45.2 million (six months ended 30 June 2017: HK\$33.8 million). There was no outstanding balances payable under these contracts at 30 June 2018 (31 December 2017: Outstanding balance receivables of HK\$0.1 million).

- (d) On 3 July 2007, Lai Chi Kok Properties Investment Limited, Royal Elite Service Company Limited (“**Royal Elite**”), a subsidiary of SHKP, and the first assignee of a residential unit of Manhattan Hill entered into a deed of mutual covenant (the “**Deed**”) pursuant to which the parties agreed that Royal Elite would act as the manager of Manhattan Hill. The amount paid and payable under the Deed during the six months ended 30 June 2018 amounted to HK\$0.4 million (six months ended 30 June 2017: HK\$0.2 million). There was no outstanding balance payable for this contract at 30 June 2018 (31 December 2017: Nil).
- (e) On 26 April 2010, KTRE, a wholly-owned subsidiary of the Company, and TRL, a subsidiary of SHKP, entered into an agreement with SHKRE pursuant to which KTRE and TRL agreed to appoint SHKRE as the project manager for the management, supervision and control of the application for planning permission, the surrender and regrant of an industrial site at KT Site and the construction of the KT Site.

The amount payable for project management services shall be a sum equivalent to whichever is the higher of (i) HK\$20.0 million; and (ii) the lower of (a) 1% of the project cost and (b) HK\$25.0 million. The amount payable for lease modification services shall be in the sum of the lower of (i) HK\$3.2 for each square foot of the permitted maximum gross floor area as approved under the lease modification and (ii) HK\$3.8 million. Outstanding balance payable for this contract at 30 June 2018 amounted to HK\$2.0 million (31 December 2017: HK\$2.0 million).

Save as disclosed above, none of the Directors were materially interested in any other contract or arrangement entered into by any member of the Group subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group taken as a whole.

9. EXPERT AND CONSENT

The following is the name and qualification of the expert who has given its advice which is contained in this circular:

Name	Qualification
Altus Capital Limited	a licensed corporation which is licensed to carry out type 4 (advising on securities), type 6 (advising on corporate finance), and type 9 (asset management) regulated activities under the SFO

As at the Latest Practicable Date, Altus Capital Limited did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Altus Capital Limited did not have any direct or indirect interest in any assets which had been since 31 December 2017 (being the date to which the latest published audited consolidated financial statements of the Group were made up) acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Group.

Altus Capital Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and the references to its name in the form and context in which they respectively appear in this circular.

10. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration proceedings of material importance and there is no litigation or claim of material importance known to the Directors to be pending or threatened by or against any member of the Group.

11. MATERIAL CONTRACTS

The following are contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group) entered into by the members of the Group within the two years immediately preceding the date of this circular and which is or may be material:

- (a) On 26 October 2017, KMB Resources Limited (“**KMB Resources**”), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Bliss Chance Global Limited (“**Bliss Chance**”), pursuant to which KMB Resources has agreed to sell and Bliss Chance has agreed to purchase 728,127,410 shares in RoadShow Holdings Limited (“**RoadShow**”), representing approximately 73.01% of the total issued share capital of RoadShow at a consideration of HK\$795,809,000 (equivalent to approximately HK\$1.093 per share). The completion of the sale and purchase agreement took place on the fifth business day following the date of its signing;
- (b) On 17 November 2017, the Kowloon Motor Bus Company (1933) Limited (“**KMB**”), a wholly-owned subsidiary of the Company, entered into a purchase contract with Alexander Dennis (Asia Pacific) Limited, for the purchase of 305 units of 12-Metre Enviro 500 Double-deck CBU Buses and 70 units of 12.8-Metre Enviro 500 Double-deck CBU Buses at a total consideration of approximately GBP 84.09 million (inclusive of all carriage and insurance charges) determined through tendering selection; and

- (c) On 22 March 2017, 16 June 2017 and 18 July 2018, KMB had on three separate occasions entered into three purchase contracts with Volvo Bus Corporation (“Volvo”) for the purchase of a total of 254 units of 12-Metre Volvo Double-deck CBU Buses from Volvo at the total consideration of approximately GBP 61.2 million (inclusive of all carriage and insurance charges) determined through tendering selection.

12. MISCELLANEOUS

- (a) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The Hong Kong principal office and principal place of business of the Company is situated at 15/F., 9 Po Lun Street, Lai Chi Kok, Kowloon, Hong Kong.
- (b) The Company’s branch share registrar and transfer office in Hong Kong is Computershare Hong Kong Investor Services Limited, situated at 17/F, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong.
- (c) The company secretary of the Company is Miss Lana Woo, MBA, BA, CGA, FCIS.
- (d) In the event of inconsistency, the English version of this circular shall prevail over the Chinese version.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal office of the Company in Hong Kong at 15/F., 9 Po Lun Street, Lai Chi Kok, Kowloon, Hong Kong during normal business hours on any business day (Saturdays excluded) during the period of 14 days from the date of this circular:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the Building Contract;
- (c) copies of the material contracts referred to under the paragraph headed “Material Contracts” in this appendix;
- (d) the written consent referred to under the paragraph headed “Expert and Consent” in this appendix;
- (e) the letter of recommendation from the Independent Board Committee to the Independent Shareholders, the text of which is set out in the section headed “Letter from the Independent Board Committee” of this circular;

- (f) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out in the section headed “Letter from the Independent Financial Adviser” of this circular;
- (g) the annual reports of the Company for the two financial years ended 31 December 2016 and 31 December 2017 respectively;
- (h) the interim report of the Company for the six months ended 30 June 2018; and
- (i) this circular.

NOTICE OF SPECIAL GENERAL MEETING



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 the Special General Meeting of Transport International Holdings Limited (the “**Company**”) will be held at Grand Ballroom I-II, Level 6, Royal Plaza Hotel, 193 Prince Edward Road West, Kowloon, Hong Kong on Friday, 1 February 2019 at 10 a.m. to consider and, if thought fit, pass with or without modifications the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

- (a) the building contract dated 20 December 2018 (the “**Building Contract**”) entered into among KT Real Estate Limited, Turbo Result Limited and Yee Fai Construction Company Limited and the transactions contemplated thereunder as described in the circular of the Company dated 15 January 2019 (the “**Circular**”) (a copy of the Building Contract and the Circular, 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 Building Contract and all matters incidental thereto.”

By order of the Board
Lana WOO
Company Secretary

Hong Kong, 15 January 2019

* *For identification purpose only*

NOTICE OF SPECIAL GENERAL MEETING

Notes:

- (1) Any member of the Company entitled to attend and vote at the Special General Meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote in his stead. On a poll, votes may be given either personally or by proxy. 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 the Special General Meeting.
- (2) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority must be delivered to the Company's principal office at 15/F, 9 Po Lun Street, Lai Chi Kok, Kowloon, Hong Kong not less than 48 hours before the time appointed for holding the Special General Meeting or adjourned meeting.
- (3) The above resolution will be put to vote by way of a poll at the Special General Meeting.
- (4) The register of members of the Company will be closed from Tuesday, 29 January 2019 to Friday, 1 February 2019 (both days inclusive) for the purpose of determining the entitlement to attend and vote at the Special General Meeting. During such period, no transfer of Shares will be registered. In order to be eligible to attend and vote at the Special General Meeting, all completed transfer documents accompanied by the relevant share certificate(s) must be lodged with the Hong Kong Branch Share Registrar of the Company, Computershare Hong Kong Investor Services Limited at 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30p.m. on Monday, 28 January 2019. Independent Shareholders whose names appear on the register of members of the Company on Friday, 1 February 2019 shall be entitled to attend and vote at the Special General Meeting.

The Directors of the Company as at the date of this notice are:

Independent Non-executive Directors:

Dr. Norman LEUNG Nai Pang, *GBS, JP (Chairman)*
Dr. John CHAN Cho Chak, *GBS, JP (Deputy Chairman)*
Dr. Eric LI Ka Cheung, *GBS, OBE, JP*
Professor LIU Pak Wai, *SBS, JP*
Mr. TSANG Wai Hung, *GBS, PDSM, JP*

Non-executive Directors:

Mr. Raymond KWOK Ping Luen, *JP (Ms. Susanna WONG Sze Lai as his alternate)*
Mr. NG Siu Chan *(Ms. Winnie NG as his alternate)*
Mr. Charles LUI Chung Yuen, *M.H.*
Mr. William LOUEY Lai Kuen *(Mr. GAO Feng as his alternate)*
Ms. Winnie NG, *JP*
Mr. Allen FUNG Yuk Lun
Dr. CHEUNG Wing Yui, *BBS*
Mr. LEE Luen Fai, *JP*
Mr. LUNG Po Kwan

Executive Director:

Mr. Roger LEE Chak Cheong *(Managing Director)*