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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 TRANSACTION**

On 21 May 2009, PITH, a wholly-owned subsidiary of the Company, and SHKTC, a wholly-owned subsidiary of SHKP, entered into the Sale and Purchase Agreement. Pursuant to the Sale and Purchase Agreement, PITH agreed to sell and SHKTC agreed to purchase 100% equity interest in PITC and the Loan. Upon completion of the Sale and Purchase Agreement, PITC will be wholly-owned by SHKTC and will no longer be a subsidiary of the Company.

As at the date of this announcement, SHKP is a substantial shareholder holding approximately 33% interest in the Company. Since SHKTC is a wholly-owned subsidiary of SHKP, SHKTC is an associate of SHKP and thus a connected person of the Company under the Listing Rules. The transactions contemplated under the Sale and Purchase Agreement therefore constitute connected transactions of the Company under the Listing Rules. As each of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules is less than 2.5%, under Rule 14A.32 of the Listing Rules, the transactions contemplated under the Sale and Purchase Agreement are only 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.

Details of the Sale and Purchase Agreement will be included in the Company's annual report for the financial year ending 31 December 2009 in accordance with Rule 14A.45 of the Listing Rules.

### **THE SALE AND PURCHASE AGREEMENT**

On 21 May 2009, PITH, a wholly-owned subsidiary of the Company, as vendor and SHKTC, a wholly-owned subsidiary of SHKP, as purchaser entered into the Sale and Purchase Agreement for the sale and purchase of 100% equity interest in PITC and the Loan. The principal terms of the Sale and Purchase Agreement are summarized below:

**1. Date:** 21 May 2009

**2. The Parties:**

- (i) PITH, a wholly-owned subsidiary of the Company, as vendor
- (ii) SHKTC, a wholly-owned subsidiary of SHKP, as purchaser

**3. Subject matter**

PITH agreed to sell and SHKTC agreed to purchase (a) the Shares; and (b) the Loan, subject to the terms and conditions of the Sale and Purchase Agreement.

**4. Consideration**

The Purchase Price for the Shares and the Loan shall be the aggregate of:

- (i) HK\$10,000 and the amount of retained profits of PITC as at 31 May 2009 (taking into account and already including the Shortfall for the period from 1 January 2009 to 31 May 2009, if any) as shown in the Completion Account, which sum shall be the consideration for the Shares; and
- (ii) the amount equivalent to the face value of the Loan as at 31 May 2009 as shown in the Completion Account, which shall be the consideration for the Loan.

The Purchase Price for the Shares and the Loan, which shall be calculated with reference to the Completion Account, was determined after arm's length negotiations between the parties.

The Purchase Price shall be payable by SHKTC to PITH in the following manner:

- (a) the sum of (i) HK\$10,000; (ii) 90% of the retained profits of PITC as shown in the Unaudited Pro-forma Completion Account; and (iii) the amount equivalent to the face value of the Loan as shown in the Unaudited Pro-forma Completion Account, shall be paid by SHKTC to PITH upon Completion; and
- (b) subject to the verification by SHKTC of the Completion Account (and the Net Return Statement and the statement showing the Shortfall for the period from 1 January 2009 to 31 May 2009), the balance of the Purchase Price, if any, in the amount of the Purchase Price less the sum referred to in sub-paragraph (a) above, shall be paid by SHKTC to PITH within 14 business days after the delivery of the Completion Account (and the Net Return Statement and the statement showing the Shortfall for the period from 1 January 2009 to 31 May 2009) by the auditor of PITC to SHKTC.

For reference only, the estimated amount of retained profits of PITC as at 31 May 2009 as shown in the Unaudited Pro-forma Completion Account is HK\$40,613,843; and the estimated amount of the Loan as at 31 May 2009 as shown in the Unaudited Pro-forma Completion Account is HK\$70,000,000. The Company expects that the aggregate amount of the Purchase Price for the Shares and the Loan, which will be based on the Completion Account to be

delivered by the auditor of PITC, shall not exceed HK\$115,000,000; and if the aggregate amount of the Purchase Price for the Shares and the Loan shall exceed HK\$115,000,000, the Company will comply with the relevant requirements under the Listing Rules (if any).

## 5. Conditions precedent of the Sale and Purchase Agreement

The Completion shall be conditional upon the full compliance of the following matters:

- (a) SHKTC shall be satisfied with its due diligence and asset, account and document checking and verification exercises carried out in respect of PITC and the assets and liabilities of PITC.
- (b) PITH shall cause all bank loans and borrowings of PITC be fully repaid and settled by PITC to the intent and effect that apart from the amount due to the immediate holding company of PITC (i.e. PITH) by PITC and the amount of deferred taxation as shown in the Unaudited Pro-forma Completion Account, PITC shall have no other non-current liabilities or borrowings as at the date of Completion.
- (c) No retained profits whatsoever, including the retained profits of PITC standing in the audited account of PITC as at 31 December 2008 and the retained profits set out in the Unaudited Pro-forma Completion Account, have been paid out to the shareholder of PITC and the same shall be still retained by PITC upon Completion.

## 6. Completion

Completion shall take place on 1 June 2009 at or before noon, or such other date or time as agreed by the parties in writing.

## INFORMATION OF PITC

The principal activity of PITC is the provision of non-franchised bus and ferry services for Ma Wan Island.

The audited consolidated net asset value of PITC as at 31 December 2008 (prepared in accordance with the generally accepted accounting principles in Hong Kong) is HK\$38,148,000.

The audited consolidated net profit before and after taxation of PITC (prepared in accordance with the generally accepted accounting principles in Hong Kong) for the years ended 31 December 2007 and 2008 are as follows:

	<i>For the year ended</i>	
	<i>31 December 2008</i>	<i>31 December 2007</i>
	<i>(audited)</i>	<i>(audited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before taxation	5,879	2,720
Profit after taxation	5,307	2,244

## **FINANCIAL EFFECT OF THE TRANSACTION**

As the Shares are sold at their audited net book value as at 31 May 2009 and the Loan is sold at its face value as at 31 May 2009 pursuant to the Sale and Purchase Agreement, it is expected that the Company will have no material gain or loss as a result of the transaction under the Sale and Purchase Agreement.

It is the intention of the Board that the net proceeds from the sale will be utilised as working capital of the Group.

Upon Completion, PITC will be wholly-owned by SHKTC and will no longer be a subsidiary of the Company.

## **REASONS FOR AND BENEFITS OF THE TRANSACTION**

Pursuant to the Transport Agreement, SHKMW agreed to engage PITC as the operator for providing bus and ferry services for Ma Wan Island and PITC agreed to provide such services pursuant to the terms and conditions of the Transport Agreement. The current operating term of the Transport Agreement will expire on 13 December 2009. SHKMW has indicated to PITC of its intention not to further extend the Transport Agreement after its expiring on 13 December 2009. As such, and in view of the fact that PITC was established with the sole purpose for the provision of transport services for Ma Wan Island, the Directors consider that it would not be beneficial for the Company to continue to hold the equity interest in PITC. The Directors consider that it is in the interest of the Company to dispose the ferries, buses and the other assets of PITC at their net asset values through the sale of the Shares in PITC to SHKTC at a consideration equivalent to the net asset value of PITC. The Directors also consider that it is in the interest of the Company to sell the Loan to SHKTC together with the Shares, as PITH will cease to hold any equity interest in PITC.

The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Sale and Purchase Agreement are on normal commercial terms arrived at after arm's length negotiations between the parties concerned and are fair and reasonable, and in the interests of the Group and the shareholders of the Company as a whole.

## **THE LISTING RULES**

SHKP is a substantial shareholder holding approximately 33% interest in the Company. Since SHKTC is a wholly-owned subsidiary of SHKP, SHKTC is an associate of SHKP and thus a connected person of the Company under the Listing Rules. As each of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules is less than 2.5%, under Rule 14A.32 of the Listing Rules, the transactions contemplated under the Sale and Purchase Agreement are only 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.

Details of the Sale and Purchase Agreement will be included in the Company's annual report for the financial year ending 31 December 2009 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 services in Hong Kong and on the Mainland.

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

## **DEFINITIONS**

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Transport International Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange
“Completion”	completion of the transactions under the Sale and Purchase Agreement
“Completion Account”	the audited accounts of PITC made up to 31 May 2009 including but not limited to the profit and loss account for the period from 1 January 2009 to 31 May 2009 and the balance sheet as at 31 May 2009 (taking into account the Shortfall for the period from 1 January 2009 to 31 May 2009)
“Directors”	the directors of the Company
“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
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the amount which shall be owing by PITC to PITH as shareholder’s loan from the immediate holding company of PITC and outstanding as at Completion, which amount is non interest bearing, repayable on demand and free from encumbrances
“Net Return Statement”	a statement of the net return of PITC prepared according to the Transport Agreement

“PITC”	Park Island Transport Company Limited, a company incorporated in Hong Kong with limited liability
“PITH”	Park Island Transport Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Purchase Price”	the total consideration for the Shares and the Loan, as more particularly described under the section headed “Consideration” in this announcement
“SHKMW”	Sun Hung Kai (Ma Wan) Transport Company Limited, a wholly-owned subsidiary of SHKP and a party to the Transport Agreement
“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
“SHKTC”	Sun Hung Kai Transport Company Limited, a company incorporated in the British Virgin Islands 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 Section 2 of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Sale and Purchase Agreement”	the agreement dated 21 May 2009 between PITH and SHKTC for the sale and purchase of the Shares and the Loan
“Shares”	the entire issued shares in the capital of PITC held by PITH
“Shortfall”	the shortfall payable by SHKMW to PITC if the net return of PITC (as shown in the Net Return Statement) is less than its entitled minimum net return for an accounting year or the relevant period pursuant to the Transport Agreement
“Transport Agreement”	the agreement dated 23 May 2001 entered into between PITC and SHKMW (details of which were disclosed in the announcement of the Company dated 25 May 2001), as amended and supplemented by seven supplemental letter agreements dated 4 December 2002, 1 August 2003, 29 February 2004, 6 December 2005, 28 November 2006, 6 December 2007 and 25 November 2008 for the provision of bus and ferry services for Ma Wan Island

“Unaudited Pro-forma  
Completion Account”

the unaudited pro-forma Completion Account attached  
to the Sale and Purchase Agreement which was prepared  
by PITC on 19 May 2009

By Order of the Board  
**Lana Woo**  
Company Secretary

Hong Kong, 25 May 2009

*As at the date of this announcement, the Directors of the Company are The Hon. Sir Sze-yuen CHUNG, GBM, GBE, JP as Chairman and Independent Non-executive Director; Dr. Norman LEUNG Nai Pang, GBS, JP as Deputy Chairman and Independent Non-executive Director; Dr. KUNG Ziang Mien, James, GBS, OBE (with Mr. KUNG Lin Cheng, Leo 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), Mr. 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, Mr. 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*