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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)

(1) MAJOR AND CONNECTED TRANSACTIONS
IN RELATION TO THE DISPOSAL OF 50% EQUITY INTEREST IN
TM PROPERTIES INVESTMENT LIMITED
(2) NOTICE OF SPECIAL GENERAL MEETING

Independent financial adviser
to the Independent Board Committee and the 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 6 to 16 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 17 and 18 of this circular. A letter from Altus Capital Limited, the Independent Financial Adviser, containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 19 to 34 of this circular.

A notice convening a SGM to be held at 5/F, KMB Kowloon Bay Bus Depot, 1 Lam Wah Street, Kowloon Bay, Kowloon, Hong Kong on Thursday, 17 December 2020 at 10:00 a.m. (the "SGM") is set out on pages SGM-1 to SGM-3 of this circular. A form of proxy is also enclosed. Whether or not you intend to attend and vote at the SGM, 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 not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the SGM or adjournment thereof.

* *For identification purpose only*

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DEFINITIONS

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

“Adjusted Consideration”	an amount equivalent to the aggregate of 50% of the Final Net Asset Value and 50% of the Sale Loan as shown in the Completion Accounts
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day, other than a Saturday, Sunday or public holidays, on which banks are generally open in Hong Kong for general banking business
“Company”	Transport International Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock code: 62)
“Completion”	the completion of the Disposal pursuant to the terms of the Sale and Purchase Agreement
“Completion Accounts”	the audited financial statements of TMPI as at the Completion Date which shall set out the calculation of the Final Net Asset Value
“Completion Date”	the date of Completion
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration payable by the Purchaser to the Vendor for transfer of the Sale Share and assignment of the Sale Loan, being HK\$750,512,189.00, subject to adjustment in accordance with the terms of the Sale and Purchase Agreement
“Development”	the Property to be re-developed for office, shop and services uses (subject to obtaining the relevant Governmental approvals)
“Director(s)”	the director(s) of the Company

DEFINITIONS

“Disposal”	the disposal of the Sale Share and the assignment of the Sale Loan by the Vendor to the Purchaser in accordance with the terms of the Sale and Purchase Agreement
“Final Net Asset Value”	the amount of the net asset value of TMPI as at the Completion Date as shown in the Completion Accounts
“Government”	The Government of the Hong Kong Special Administrative Region
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent board committee of the Board established to advise the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder and which comprises 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 Sale and Purchase Agreement and/or the transactions contemplated thereunder
“Independent Financial Adviser”	Altus Capital Limited, a licensed corporation 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 Sale and Purchase Agreement and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders other than SHKP and its associates, and Shareholders who do not have a material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder

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“Latest Practicable Date”	23 November 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Lease Modification”	an application to the Government for a modification of the Government lease or such necessary approval (which may include adjoining Government land) to permit the development of the Property for office, shop and services uses
“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
“Net Asset Value”	HK\$1,421,075,152.00, being the net asset value of TMPI as set out in the Proforma Accounts
“Planning Approval”	approval for the re-zoning and (if so required) planning permission for development of the Property for office, shop and services uses
“Proforma Accounts”	the pro forma statement of financial position of TMPI as at Completion Date
“Project”	the project relating to the Development including but not limited to applying for the Planning Approval and the Lease Modification, carrying out all planning, administrative and executive matters thereof and the design, building, erection, construction, fitting out and completion of the Development
“Project Costs”	all costs and expenses to be incurred in respect of the Project (including, but not limited to (a) land premium to be assessed by relevant authorities; (b) the total cost of construction, including, among other things, the costs of demolition, foundations, substructure, superstructure, building services and finishes; and (c) the fee for all professional consultants)

DEFINITIONS

“Project Manager”	the project manager of the Development to be appointed by TMPI for the purpose of leading the Project whose duties shall include, among others, managing, administering and monitoring (i) the appointment of professional consultants; and (ii) applications for Planning Approval, Lease Modification and other requisite approvals
“Property”	the land registered in the Land Registry as Tuen Mun Town Lot No. 80, No. 1 Kin Fung Circuit, Tuen Mun, New Territories, Hong Kong and buildings thereon
“Purchaser”	Mega Odyssey Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of SHKP
“Sale and Purchase Agreement”	the sale and purchase agreement dated 9 November 2020 entered into between the Vendor, the Purchaser, the Company and SHKP in relation to the Disposal
“Sale Loan”	50% of the Shareholders Loan
“Sale Loan Assignment”	the assignment to be entered into by the Vendor (as assignor) and the Purchaser (as assignee) at Completion for the assignment of Sale Loan
“Sale Share”	one issued ordinary share of TMPI, representing 50% of the entire issued share capital of TMPI
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Special General Meeting” or “SGM”	the special general meeting of the Company to be convened and held at 5/F, KMB Kowloon Bay Bus Depot, 1 Lam Wah Street, Kowloon Bay, Kowloon, Hong Kong at 10:00 a.m. on Thursday, 17 December 2020 for the Independent Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreement and the transactions contemplated thereunder
“Share(s)”	share(s) in the share capital of the Company
“Shareholders”	holder(s) of the share(s) of the Company

DEFINITIONS

“Shareholders Agreement”	the shareholders agreement to be entered into between the Vendor, the Purchaser, the Company, SHKP and TMPI on the Completion Date
“Shareholders Loan”	the loan owing by TMPI to the Vendor which is unsecured, interest-free and repayable on demand
“SHKP”	Sun Hung Kai Properties Limited (新鴻基地產發展有限公司), a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock code: 16)
“SHKP Group”	SHKP and its subsidiaries
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Tax Deed”	the deed to be entered into between the Vendor, the Purchaser, the Company and TMPI pursuant to the Sale and Purchase Agreement as described in the paragraph headed “Tax indemnity” in the “Letter from the Board” of this circular
“TMPI”	TM Properties Investment Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Vendor and an indirect wholly-owned subsidiary of the Company
“Vendor”	TM Properties Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“%”	per cent

LETTER FROM THE BOARD



TRANSPORT INTERNATIONAL HOLDINGS LIMITED

(載通國際控股有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock code: 62)

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

* *For identification purpose only*

LETTER FROM THE BOARD

27 November 2020

To the Shareholders

Dear Sir or Madam,

**MAJOR AND CONNECTED TRANSACTIONS
IN RELATION TO THE DISPOSAL OF 50% EQUITY INTEREST IN
TM PROPERTIES INVESTMENT LIMITED
AND
NOTICE OF SPECIAL GENERAL MEETING**

1. INTRODUCTION

Reference is made to the announcement of the Company dated 9 November 2020 in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder.

The purposes of this circular are (i) to provide you with further information regarding the Sale and Purchase Agreement 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 Sale and Purchase Agreement and the transactions contemplated thereunder; (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 terms of the Sale and Purchase Agreement and the transactions contemplated thereunder; and (iv) to give notice to the Shareholders of the SGM to be held to consider and, if thought fit, to approve, among other things, the Sale and Purchase Agreement and the transactions contemplated thereunder.

2. THE SALE AND PURCHASE AGREEMENT

Date

9 November 2020

Parties

1. the Vendor: TM Properties Holdings Limited, an indirect wholly-owned subsidiary of the Company
2. the Purchaser: Mega Odyssey Limited, an indirect wholly-owned subsidiary of SHKP
3. the Company (as Vendor's guarantor)
4. SHKP (as Purchaser's guarantor)

LETTER FROM THE BOARD

Subject matter

Pursuant to the terms and conditions of the Sale and Purchase Agreement, (i) the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Share (representing 50% of the entire issued share capital of TMPI); and (ii) the Vendor agreed to assign and the Purchaser agreed to take the assignment of the Sale Loan. Upon Completion, TMPI will be owned as to 50% by the Vendor and 50% by the Purchaser.

Consideration and payment terms

The amount payable by the Purchaser to the Vendor for the sale of the Sale Share and the assignment of the Sale Loan shall be the Consideration which shall be apportioned as follows:–

- (i) HK\$39,974,613.00, being 50% of the Shareholders Loan as shown in the Proforma Accounts, as consideration for the Sale Loan; and
- (ii) HK\$710,537,576.00, being 50% of the Net Asset Value, as consideration for the Sale Share.

The Consideration will be payable in the following manner:

- (i) a sum of HK\$75,051,218.90, being 10% of the Consideration which has been paid to the Vendor's lawyers as stakeholder on the date of the Sale and Purchase Agreement; and
- (ii) the balance in the sum of HK\$675,460,970.10, being 90% of the Consideration shall be paid to the Vendor (or to another subsidiary of the Company as the Vendor may direct) on the Completion Date.

If the Consideration is less than the Adjusted Consideration, a sum equal to the difference shall be paid by the Purchaser to the Vendor within ten (10) Business Days from the date of delivery of the Completion Accounts. If the Consideration is more than the Adjusted Consideration, a sum equal to the difference shall be paid by the Vendor to the Purchaser within ten (10) Business Days from the date of delivery of the Completion Accounts.

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser with reference to the market value of the Property of HK\$1,500,000,000.00 as at 10 September 2020 according to the valuation prepared by an independent valuer in Hong Kong. The value attributable to the Property as set out in the Proforma Accounts and the Completion Accounts shall be HK\$1,500,000,000.00.

LETTER FROM THE BOARD

Conditions precedent

Completion is conditional on the following conditions being satisfied (or waived, as applicable):

- (a) the approval by the Independent Shareholders at the SGM of the transactions contemplated under the Sale and Purchase Agreement having been obtained; and
- (b) there being no material breach of the fundamental warranties provided by the Vendor and the Company under the Sale and Purchase Agreement.

The Vendor shall use all reasonable endeavours to achieve satisfaction of the condition set out under paragraph (a) above as soon as practicable after the date of the Sale and Purchase Agreement, and in any event by no later than 30 December 2020 or such other date as may be agreed by the parties in writing.

In the event that any of the conditions set out above (unless waived by the Purchaser) is not satisfied on or before 30 December 2020, then unless the parties shall otherwise agree, the Sale and Purchase Agreement shall terminate automatically.

Completion

Completion shall take place on the seventh (7th) Business Day after the date on which the last of the conditions precedent set out in the section headed “Conditions precedent” above is satisfied (or waived, as applicable) or such other date as the Vendor and the Purchaser may agree in writing.

Upon Completion, TMPI will cease to be a subsidiary of the Company but the Company will continue to be indirectly interested in 50% of the entire issued share capital of TMPI and TMPI will no longer be accounted for as a subsidiary of the Company in the Company’s consolidated financial statements.

Performance guarantee

Each of the Company and SHKP joined as a party to the Sale and Purchase Agreement to guarantee the due and punctual performance by the Vendor and the Purchaser, respectively, of all of their respective obligations under the Sale and Purchase Agreement, the Sale Loan Assignment and the Tax Deed.

Indemnity

Each of the Company and SHKP agreed to indemnify (and keep indemnified) the Purchaser or the Vendor (as the case may be) on demand against any loss, liability or cost incurred by the Purchaser or the Vendor (as the case may be) as a result of any obligation of the Vendor or the Purchaser (as the case may be) being or becoming void, voidable or

LETTER FROM THE BOARD

unenforceable as against the Vendor or the Purchaser (as the case may be) for any reason whatsoever. The amount of the loss, liability or cost shall be equal to the amount which the Purchaser or the Vendor (as the case may be) would otherwise have been entitled to recover from the Vendor or the Purchaser (as the case may be).

Tax indemnity

The Vendor, the Purchaser, the Company and TMPI will enter into the Tax Deed on Completion pursuant to which the Vendor will, on demand by TMPI and/or the Purchaser, indemnify and keep indemnified TMPI and/or the Purchaser from and against certain tax liabilities of TMPI occurred and incurred on or before and up to Completion.

The Shareholders Agreement

Upon Completion, the Vendor, the Purchaser, the Company, SHKP and TMPI will enter into the Shareholders Agreement in respect of the management of TMPI and the Project. The principal terms of the Shareholders Agreement are set out below:

- (1) the number of directors of TMPI shall not be more than six (6). Each of the Vendor and the Purchaser is entitled to nominate up to three (3) directors;
- (2) TMPI shall make an application to the Town Planning Board to obtain the Planning Approval;
- (3) TMPI shall upon obtaining the Planning Approval make an application to the Government for Lease Modification;
- (4) for so long as the Purchaser (together with other members of the SHKP Group) is the beneficial owner or controller of, directly or indirectly, not less than 50% of all the issued shares of TMPI, TMPI shall appoint Sun Hung Kai Real Estate Agency Limited (or such other wholly-owned subsidiary of SHKP as SHKP may nominate from time to time) as the Project Manager of the Development as soon as practicable after the date of the Shareholders Agreement to lead the Project for a management fee of 1% of the construction costs (excluding professional fees and land premium) and on such other terms as may be approved by the board of directors of TMPI and agreed with the Project Manager;
- (5) the main construction contracts for the Development shall be awarded to reputable and competent contractors on such terms and in such manner as shall be decided by the board of directors of TMPI in consultation with the Project Manager; each of the parties agrees that any affiliate of SHKP shall have the right to participate in any bidding process of TMPI and the Project Manager to appoint the main contractor for the Development;

LETTER FROM THE BOARD

- (6) for so long as the Purchaser (together with other members of the SHKP Group) is the beneficial owner of, directly or indirectly, not less than 50% of all the issued shares of TMPI, TMPI shall appoint Sun Hung Kai Real Estate (Sales and Leasing) Agency Limited (or such other wholly-owned subsidiary of SHKP as nominated by SHKP from time to time) as the leasing agent to provide leasing and licensing services for the completed Development and the appointment shall be at fees comprising (a) a handling fee for new tenancies/licences or renewal of tenancies/licences at an amount equal to one (1) month rent/licence fee under each such new or renewal lease/licence; and (b) a leasing/licensing administration fee of 3% of the total monthly rent/licence fee under all leases and licences of the Development and on such other terms as may be approved by the board of directors of TMPI and agreed with the leasing agent;
- (7) for so long as the Purchaser (together with other members of the SHKP Group) is the beneficial owner of, directly or indirectly, not less than 50% of all the issued shares of TMPI, TMPI shall appoint a wholly-owned subsidiary of SHKP as nominated by SHKP from time to time as the estate manager for providing property management services to TMPI after the completion of the Development and the appointment shall be at such prevailing market level of fees in Hong Kong at the time of appointment as is commensurate with the nature and scale of the Development to be approved by the board of directors of TMPI and agreed with the estate manager, provided that such fee shall not exceed 10% of the management expenses of the Development and on such other terms as may be approved by the board of directors of TMPI and agreed with the estate manager; and
- (8) the due and punctual performance and observance by the Vendor and the Purchaser of their obligations under the Shareholders Agreement shall be guaranteed by the Company and SHKP respectively.

3. PROJECT COSTS AND USE OF PROCEEDS

The Project Costs are currently estimated to be approximately HK\$5,800,000,000.00 and shall be borne by the Vendor and the Purchaser in equal shares. The Company expects that the contribution to be made by the Group towards the Project Costs will be funded by the net proceeds of the Disposal and/or the working capital and/or banking borrowings of the Group.

4. INFORMATION ON TMPI AND THE PROPERTY

TMPI

TMPI is incorporated in the British Virgin Islands with limited liability and wholly-owned by the Vendor as at the date hereof. TMPI is principally engaged in leasing and property investment and holds the Property.

LETTER FROM THE BOARD

Set out below is certain financial information of TMPI for the two financial years ended 31 December 2018 and 2019, and the net assets of TMPI as at 31 December 2019 as extracted from the audited financial statements of TMPI:

	For the year ended 31 December 2018 <i>(approximately HK\$ million)</i>	For the year ended 31 December 2019 <i>(approximately HK\$ million)</i>
Net profit before taxation	19.9	10.3
Net profit after taxation	16.1	8.1
		As at 31 December 2019 <i>(approximately HK\$ million)</i>
Net assets		56.7

The Property

The Property is situated at Tuen Mun Town Lot No. 80, 1 Kin Fung Circuit, Tuen Mun, New Territories, Hong Kong with a total gross floor area of approximately 105,364 square feet. The Property is held from the Government lease which restricts the use of the Property for industrial or godown purposes or both. The net book value of the Property as disclosed in the audited consolidated financial statements of the Company for the year ended 31 December 2019 was HK\$1.9 million.

5. FINANCIAL EFFECT OF THE DISPOSAL

Upon Completion, as TMPI will cease to be a subsidiary of the Company and will be accounted for as a joint arrangement of the Group, the share of assets, liabilities and corresponding revenues and expenses arising from the joint arrangement attributable to the Group's interests in TMPI will be accounted for in the consolidated financial statements of the Company using the equity method, and no longer be consolidated in the financial statements of the Group.

The Group is expected to realise a net gain of approximately HK\$1,496 million from the Disposal (subject to adjustment), being the aggregate of the Consideration and the fair value of the Group's remaining 50% interest in the net assets of TMPI as at the Completion Date, less the net asset value of TMPI on the Completion Date prior to Completion and related transaction expenses. Accordingly, upon Completion, it is expected that the Group's assets and liabilities would increase by approximately HK\$1,498 million and HK\$2 million respectively.

LETTER FROM THE BOARD

6. REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Directors are of the view that the redevelopment of the Property for the purpose of generating rental income from leasing of office and retail space is in line with the Group's business strategy of seeking diversification to establish recurrent income sources. The estimated Project Costs represent a significant financial sum for the Group should it assume the role as a single property developer in respect of the redevelopment of the Property. By developing the Property through TMPI jointly on a 50-50 basis with the Purchaser, the Group's financial commitment towards the Development would be reduced by 50% to a more affordable amount. Furthermore, SHKP is a long-established and leading property developer in Hong Kong. The Directors believe that the participation by the Purchaser which is an indirect wholly-owned subsidiary of SHKP would enable the Group to benefit from (i) the synergy arising from the established commercial office and retail developments owned by SHKP nearby which is expected to enhance the overall visitors' traffic in the vicinity in line with the currently anticipated nature of the redevelopment of the Property as an integrated commercial complex, and (ii) SHKP's expertise and experience in the design, planning, construction and marketing and letting of commercial properties. The Project will further promote the market position of the Property and beneficial to developing a more comprehensive and higher quality tenant pool and retail customer base, which is expected to enhance the long-term value of the Property and return for the Group.

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 Sale and Purchase Agreement and the transactions contemplated thereunder (including the Disposal and the Project) are on normal commercial terms and fair and reasonable and in the interests of the Company and the Shareholders as a whole.

7. INFORMATION ON THE PARTIES

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 in Hong Kong and investments in public transport operations in Mainland China. The Vendor is principally engaged in investment holding.

SHKP is an investment holding company and its subsidiaries are principally engaged in development of and investment in properties for sale and rent, hotel operations, telecommunications, transport infrastructure and logistics, and data centre operations. The Purchaser is principally engaged in investment holding.

8. IMPLICATIONS UNDER THE LISTING RULES

As SHKP is a substantial shareholder of the Company indirectly holding approximately 39.7% interest in the Company and the Purchaser is an indirect wholly-owned subsidiary of SHKP, SHKP and the Purchaser are connected persons of the Company under the Listing Rules. As one of the applicable percentage ratios in respect of the Disposal and the Group's estimated

LETTER FROM THE BOARD

funding obligation towards the Project Costs under the Project exceeds 25% but is less than 100%, the transactions contemplated under the Sale and Purchase Agreement is expected to constitute both a major transaction and connected transaction of the Company under the Listing Rules and will be subject to reporting, announcement and independent shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules. Where required, the Company will carry out the relevant calculations in accordance with the Listing Rules (including but not limited to Rule 14.15(2)) at the time when actual sums are made towards the Project Costs or otherwise in relation to the Project.

9. SGM

A notice to convene the SGM to be held at 5/F, KMB Kowloon Bay Bus Depot, 1 Lam Wah Street, Kowloon Bay, Kowloon, Hong Kong on Thursday, 17 December 2020 at 10:00 a.m. for the purpose of considering and, if thought fit, approving the Sale and Purchase Agreement and the transactions contemplated thereunder is set out on pages SGM-1 to SGM-3 of this circular.

The Independent Board Committee has been established to advise the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder.

As Mr. Raymond KWOK Ping Luen (a director of SHKP) is considered to be materially interested in the Sale and Purchase Agreement and the transactions contemplated thereunder 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 voting on the Board resolution approving the Sale and Purchase Agreement 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 and Mr. LEE Luen Fai and Mr. LUNG Po Kwan being directors of the Company and employees of Sun Hung Kai Real Estate Agency Limited, a wholly-owned subsidiary of SHKP, also abstained from voting on the Board resolution in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder. Save as disclosed above, as of the Latest Practicable Date, none of the other Directors attending the relevant Board meeting is taken to have any material interests in the Sale and Purchase Agreement or the transactions contemplated thereunder.

Any Shareholder with a material interest in the Sale and Purchase Agreement or the transactions contemplated thereunder and its close associates will abstain from voting at the SGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder. In view of the interest of SHKP in the Sale and Purchase Agreement, SHKP and its close associates (as defined in the Listing Rules) will abstain from voting in relation to the resolution approving the Sale and Purchase Agreement and the transactions contemplated thereunder at the SGM. Mr. Raymond KWOK Ping Luen will also abstain from voting in relation to the resolution approving the Sale and Purchase Agreement and the transactions contemplated thereunder at the SGM by virtue of his interest in certain issued shares of SHKP.

LETTER FROM THE BOARD

An Independent Board Committee comprising Dr. John CHAN Cho Chak, Professor LIU Pak Wai and Mr. TSANG Wai Hung, all being independent non-executive Directors, has been appointed to advise the Independent Shareholders on whether or not the terms of the Sale and Purchase Agreement are in the interests of the Company and the Shareholders as a whole, and are fair and reasonable so far as the Shareholders are concerned. Altus Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders regarding the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder.

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 to purely a procedural or administrative matter to be voted on by a show of hands. Accordingly, the chairman of the SGM will demand that the resolution to be proposed at the SGM be decided by poll. An announcement of the poll vote results will be made by the Company after the SGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

A form of proxy for use at the SGM is enclosed herein. Whether or not you intend to attend the SGM, 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 not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the SGM if you so wish.

10. RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 17 and 18 of this circular which contains its recommendation to the Independent Shareholders' voting at the SGM in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder; and (ii) the letter from the Independent Financial Adviser set out on pages 19 to 34 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Sale and Purchase Agreement 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 Sale and Purchase Agreement 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 Company and the Shareholders as a whole.

LETTER FROM THE BOARD

Accordingly, the Board recommends that the Independent Shareholders should vote in favour of the ordinary resolution as set out in the notice of SGM on pages SGM-1 to SGM-3 of this circular to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

11. ADDITIONAL INFORMATION

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

Shareholders and potential investors of the Company should note that the Completion and the transactions contemplated under the Sale and Purchase Agreement (including but not limited to the entering into of the Shareholders Agreement) are conditional on the satisfaction (or, if applicable, waiver) of the relevant conditions precedent (including but not limited to the approval by the Independent Shareholders at the SGM). There remains the possibility that the Disposal and the transactions contemplated under the Sale and Purchase Agreement may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the shares and other securities of the Company.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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



TRANSPORT INTERNATIONAL HOLDINGS LIMITED
(載通國際控股有限公司)*
(Incorporated in Bermuda with limited liability)
(Stock code: 62)

27 November 2020

To the Independent Shareholders

Dear Sir or Madam,

**MAJOR AND CONNECTED TRANSACTIONS
IN RELATION TO THE DISPOSAL OF 50% EQUITY INTEREST IN
TM PROPERTIES INVESTMENT LIMITED**

We refer to the circular of the Company dated 27 November 2020 (the “**Circular**”), of which this letter forms part. Unless the context requires otherwise, terms used in this letter 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 Sale and Purchase Agreement and the transactions contemplated thereunder, details of which are set out in the “Letter from the Board” on pages 6 to 16 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 Sale and Purchase Agreement and the transactions contemplated thereunder.

We wish to draw your attention to the “Letter from the Independent Financial Adviser” as set out on pages 19 to 34 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 Sale and Purchase Agreement and the transactions contemplated thereunder together with the principal factors and reasons for its advice and recommendation.

Having considered, among other matters, the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder, and having taken into account the factors and reasons considered by, and the advice given by the Independent Financial Adviser as stated in

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

its aforementioned letter of advice, we are of the opinion that the entering into of the Sale and Purchase Agreement 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 Company 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 SGM to approve the Sale and Purchase Agreement and the 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

* *For identification purpose only*

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 relation to the Sale and Purchase Agreement and the transactions contemplated thereunder, which has been prepared for the purpose of incorporation in the circular.

ALTUS

Altus Capital Limited
21 Wing Wo Street
Central, Hong Kong

27 November 2020

To the Independent Board Committee and the Independent Shareholders

Transport International Holdings Limited

15th Floor
9 Po Lun Street
Lai Chi Kok
Kowloon
Hong Kong

Dear Sirs,

MAJOR AND CONNECTED TRANSACTIONS DISPOSAL OF 50% EQUITY INTEREST IN TMPI

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder. Details of the Sale and Purchase Agreement are set out in the “Letter from the Board” contained in the circular dated 27 November 2020 (the “**Circular**”) to the Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless otherwise defined herein or required by the context.

On 9 November 2020, the Vendor (an indirect wholly-owned subsidiary of the Company), the Purchaser, the Company and SHKP entered into the Sale and Purchase Agreement pursuant to which (i) the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Share, representing 50% of the equity interest in TMPI; and (ii) the Vendor agreed to assign and the Purchaser agreed to take the assignment of the Sale Loan at a consideration of HK\$750,512,189.00, subject to adjustment. Upon Completion, TMPI will be owned as to 50% by the Vendor and 50% by the Purchaser.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Vendor, the Purchaser, the Company, SHKP and TMPI will enter into the Shareholders Agreement upon Completion in respect of the management of TMPI and the Project. The Project Costs are currently estimated to be approximately HK\$5.8 billion and shall be borne by the Vendor and the Purchaser in equal shares.

LISTING RULES IMPLICATION

As SHKP is a substantial shareholder of the Company indirectly holding approximately 39.7% interest in the Company and the Purchaser is an indirect wholly-owned subsidiary of SHKP, SHKP and the Purchaser are connected persons of the Company under the Listing Rules. As one of the applicable percentage ratios in respect of the Disposal and the Group's estimated funding obligation towards the Project Costs under the Project exceeds 25% but all the applicable percentage ratios are less than 100%, the transactions contemplated under the Sale and Purchase Agreement are expected to constitute both a major transaction and connected transaction of the Company under the Listing Rules and will be subject to reporting, announcement and independent shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules. Where required, the Company will carry out the relevant calculations in accordance with the Listing Rules (including but not limited to Rule 14.15(2)) at the time when actual sums are made towards the Project Costs or otherwise in relation to the Project.

As Mr. Raymond KWOK Ping Luen (a director of SHKP), is considered to be materially interested in the Sale and Purchase Agreement and the transactions contemplated thereunder 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 voting on the Board resolution approving the Sale and Purchase Agreement and the transactions contemplated thereunder. In addition, (i) Dr. Norman LEUNG Nai Pang, Dr. Eric LI Ka Cheung and Mr. Allen FUNG Yuk Lun, being directors of both the Company and SHKP; (ii) Dr. CHEUNG Wing Yui, being a director of both the Company and certain subsidiaries of SHKP; and (iii) Mr. LEE Luen Fai and Mr. LUNG Po Kwan, being directors of the Company and employees of Sun Hung Kai Real Estate Agency Limited, a wholly-owned subsidiary of SHKP had also abstained from voting on the Board resolution in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder. Save as disclosed above, as of the Latest Practicable Date, none of the other Directors attending the relevant Board meeting is taken to have any material interests in the Sale and Purchase Agreement or the transactions contemplated thereunder.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising Dr. John CHAN Cho Chak, Professor LIU Pak Wai and Mr. TSANG Wai Hung, being the independent non-executive Directors who do not have any material interest in the Sale and Purchase Agreement and/or the transactions contemplated thereunder, has been established to advise the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder as to (i) whether the entering into of the Sale and Purchase Agreement is in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole; (ii) whether the terms of the Sale and Purchase Agreement are on normal commercial

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

terms, and are fair and reasonable as far as the Independent Shareholders are concerned; and (iii) how the Independent Shareholders should vote in respect of the resolution to be proposed at the SGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

INDEPENDENT FINANCIAL ADVISER

As the independent financial adviser to the Independent Board Committee, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to (i) whether the entering into of the Sale and Purchase Agreement is in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole; (ii) whether the terms of the Sale and Purchase Agreement are on normal commercial terms, and are fair and reasonable as far as the Independent Shareholders are concerned; and (iii) how the Independent Shareholders should vote in respect of the resolution to be proposed at the SGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

We had previously acted as the independent financial adviser to the Company with regards to a major and connected transaction, the details of which were set out in the circular of the Company dated 15 January 2019. Save for the transaction described above, we have not acted as an independent financial adviser or financial adviser for other transactions of the Company in the last two years from the date of the Circular. Pursuant to Rule 13.84 of the Listing Rules, and given that remuneration for our engagement to opine on the Sale and Purchase Agreement and the transactions contemplated thereunder is at market level and not conditional upon successful passing of the resolution to be proposed at the SGM, and that our engagement is on normal commercial terms, we are independent of and not associated with the Company, its controlling Shareholder(s) or connected person(s).

BASIS OF OUR ADVICE

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have reviewed, amongst others, (i) the Sale and Purchase Agreement; (ii) the interim report for the six months ended 30 June 2020 (the “**2020 Interim Report**”) and the annual report for the year ended 31 December 2019 (the “**2019 Annual Report**”) respectively of the Company; (iii) the valuation report on the valuation of the Property as at 10 September 2020 (the “**Valuation Report**”); (iv) the construction cost estimation report for the proposed commercial redevelopment of the Property (the “**Surveyor’s Report**”); and (v) 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**”). 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 Circular. The Directors collectively and individually accept full

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

responsibility for the Circular, including particulars given in compliance with the Listing Rules for the purpose of giving information with regards to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other facts the omission of which would make any statement in the Circular misleading.

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, nor are we aware of any material facts the omission of which would render the statements, information, opinions or representations provided to us 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 and the Management have been reasonably made after due and careful enquiry. 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. The Company will notify the Shareholders of any material change after the Latest Practicable Date and after the despatch of the Circular.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our recommendation, we have taken into consideration the following principal factors:

1. Background information of the Group

1.1. Principal activities

The Company is an investment holding company. The principal activities of the Group are the operation of both franchised and non-franchised public transportation, property holdings and development in Hong Kong and investments in public transport operations in Mainland China.

Property holdings and development is one of the principal businesses of the Group, and the Disposal is therefore in its ordinary and usual course of business. As at 30 June 2020, the Group had interest in properties with total gross floor area of approximately 1.5 million square feet. In particular, the Group had previously entered into an arrangement similar to that under the Sale and Purchase Agreement, for the joint development of a site situated at Kwun Tong Inland Lot No. 240, 98 How Ming Street, Kwun Tong, Kowloon (“**Kwun Tong Site**”).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

1.2. Financial information of the Group

Set out below is a summary of financial information of the Group extracted from the 2020 Interim Report and 2019 Annual Report.

	For the year ended 31 December		For the six months ended 30 June	
	2018	2019	2019	2020
	<i>HK\$'million (audited)</i>	<i>HK\$'million (audited)</i>	<i>HK\$'million (unaudited)</i>	<i>HK\$'million (unaudited)</i>
Revenue	8,009.3	8,112.2	4,073.5	3,073.3
– Franchised public bus operation	7,593.1	7,732.5	3,880.0	2,929.8
– Property holdings and development	69.8	67.0	31.0	37.2
– All other segments	346.4	312.7	162.5	106.3
Profit/(loss) for the year/period	720.1	605.3	302.0	(51.8)
			As at	30 June
			2018	2020
			<i>HK\$'million (audited)</i>	<i>HK\$'million (unaudited)</i>
Current assets	1,891.1	2,931.3	3,034.6	
– Bank deposits and cash	1,174.2	1,309.0	1,697.7	
Non-current assets	13,518.9	13,781.2	13,991.5	
Current liabilities	1,179.8	1,557.0	2,028.9	
Non-current liabilities	4,034.6	4,183.8	4,205.0	
Net assets	10,195.6	10,971.7	10,792.2	

For the year ended 31 December 2019 vs the year ended 31 December 2018

The Group's revenue increased by 1.3% from HK\$8,009.3 million for the year ended 31 December 2018 to HK\$8,112.2 million for the year ended 31 December 2019. The increase was mainly due to the increase in revenue from the Group's franchised public bus operations primarily as a result of patronage growth, while partly offset by the decreases in (i) revenue from the Group's non-franchised transport operations division; and (ii) rental income arising from the Group's investment properties. For both financial years, the franchised public bus operation segment was the largest revenue contributor of the Group contributing approximately 95% of total revenue.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Group's profit decreased by 15.9% from HK\$720.1 million for the year ended 31 December 2018 to HK\$605.3 million for the year ended 31 December 2019. The decrease was mainly attributable to the increase in staff costs as a result of the continuous improvement in staff remuneration and benefits as well as the prolonged social unrest throughout the second half of 2019 causing disruptions to public transport operations.

The Group recorded an increase in net asset value of 7.6% from HK\$10.2 billion as at 31 December 2018 to HK\$11.0 billion as at 31 December 2019.

For the six months ended 30 June 2020 vs the six months ended 30 June 2019

The Group's revenue decreased by 24.6% from HK\$4,073.5 million for the six months ended 30 June 2019 to HK\$3,073.3 million for the six months ended 30 June 2020. The decrease was mainly due to the outbreak of COVID-19 and the corresponding anti-epidemic measures implemented by the government, including suspension of schools, stringent border control measures and work from home arrangements which resulted in a significant drop in bus patronage and transport demand.

The Group recorded a loss of HK\$51.8 million for the six months ended 30 June 2020 as compared to a profit of HK\$302.0 million for the six months ended 30 June 2019. The decline was primarily due to the aforementioned decrease in revenue, while partially offset by government subsidies and lower fuel costs due to the fall in international fuel prices.

Meanwhile, the Group's net asset value remained relatively stable at HK\$10.8 billion as at 30 June 2020 as compared with HK\$11.0 billion as at 31 December 2019.

2. Background information of the SHKP Group

SHKP is a company incorporated in Hong Kong and listed on the Main Board of the Stock Exchange. The SHKP Group is mainly engaged in the development of and investment in properties for sale and rent, hotel operations, telecommunications, transport infrastructure and logistics, and data centre operations.

Property development and property investment are the two core parts of the SHKP Group's business. The SHKP Group has built, leased and managed a wide variety of commercial projects in different areas that provide premium office and retail space to tenants, including the International Finance Centre, the International Commerce Centre and Millennium City, to name but a few. As at 30 June 2020, its attributable land bank in Hong Kong totalled approximately 57.5 million square feet comprising 24.1 million square feet of properties of different usages under development and a diversified portfolio of completed properties covering 33.4 million square feet, the overwhelming majority of which is for rental and long-term investment purposes.

3. Background information of TMPI and the Property

TMPI, a wholly-owned subsidiary of the Company, is principally engaged in leasing and property investment with its major asset being the registered and beneficial owner of the Property. The Property, which is situated at Tuen Mun Town Lot No. 80, 1 Kin Fung Circuit, Tuen Mun, New Territories, Hong Kong, has a site area of 81,230 square feet, and a single-storey high ceiling structure and a three-storey workshop building with a total gross floor area of about 105,364 square feet, currently sit on the Property. As at 31 December 2019, the carrying value of the Property and the aforesaid buildings, stated at cost less accumulated depreciation and impairment losses, amounted to HK\$1.9 million.

The Property is currently designated for industrial use or godown purposes or both. As advised by the Management, TMPI will apply to the Town Planning Board, Lands Department and/or other relevant authorities for approval for a change of use from the existing industrial use to office, shop and services uses. According to the Valuation Report, the market value of the Property as at 10 September 2020 was HK\$1.5 billion. For details on the valuation of the Property, please refer to section 5.1 below.

4. Reasons for the Disposal

4.1. Alleviating capital burden

Based on the redevelopment costs estimation from the Surveyor's Report prepared by an independent quantity surveyor (the "**Quantity Surveyor**"), the Group estimates that the Project Costs, comprising all costs and expenses (including, but not limited to, land premium to be assessed by the relevant authorities, construction costs, interest, project management fees and professional fees), to be incurred in respect of the Project will amount to approximately HK\$5.8 billion.

In assessing the experience and expertise of the Quantity Surveyor, we have discussed with the Quantity Surveyor on its experience and expertise, as well as the qualifications and credentials of the team members involved. We noted that the Quantity Surveyor is a leading global natural and built asset design and consultancy firm and the person in charge of issuing the Surveyor's Report has over 20 years of relevant experience. We have reviewed the terms of engagement of the Quantity Surveyor and have discussed with the Quantity Surveyor regarding its work performed. We are satisfied that the Quantity Surveyor is qualified to give its opinion as set out in the Surveyor's Report having taken into account its relevant experience and expertise, its independence, and its scope of work.

In assessing the fairness and reasonableness of the Project Costs, we have reviewed the Surveyor's Report and discussed with the Quantity Surveyor on, the methodology of, and the basis and assumptions adopted for, the estimation of the Project Costs. We understand from the Quantity Surveyor that each construction cost item under the Project Costs is estimated with

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

reference to quotations and tenders of multiple completed development projects sharing similar building structures. The Quantity Surveyor has confirmed that the methodology adopted is industry norm, and is commonly adopted for estimating redevelopment cost of property development projects.

Based on the above, we are of the view that the Project Costs have been estimated on a fair and reasonable basis.

According to the 2020 Interim Report and 2019 Annual Report, the bank deposits and cash of the Group was approximately HK\$1.7 billion as at 30 June 2020, and the Group's annual net cash generated from operating activities ranged from approximately HK\$1.4 billion to HK\$1.7 billion for the latest two financial years. The Project Costs of approximately HK\$5.8 billion therefore represent a significant financial commitment to the Group.

Upon Completion, the Vendor, the Purchaser, the Company, SHKP and TMPI will enter into the Shareholders Agreement in respect of the management of TMPI and the Project, pursuant to which the parties will agree that the Vendor and the Purchaser will bear the Project Costs in equal shares. In addition, through the Disposal, the Group will receive cash proceeds from the Consideration of approximately HK\$0.75 billion which will enhance its financial capability. Such proceeds can be deployed towards funding the Group's portion of the Project Costs. As such, the Disposal alleviates the Group's capital burden on the development of the Property, while allowing the Group to retain an equal and significant interest in such joint development.

4.2. Leveraging on the expertise and experience of the SHKP Group

The SHKP Group is a long-established and leading property developer in Hong Kong with abundant experience in developing commercial properties for rental and long-term investment purposes and an attributable land bank in Hong Kong totalling approximately 57.5 million square feet as at 30 June 2020, whereas property development has not been the core competence of the Group as approximately 95% of the Group's revenue has been generated from its franchised public bus operation business. The joint development of the Property with the SHKP Group, which is one of the largest property developers and owners in Hong Kong, would enable the Group to benefit from the expertise and experience the SHKP Group has in the areas of designing, planning, construction, marketing and leasing of commercial properties. Besides, we noted that V City, which is a 300,000-square-foot shopping mall located in close vicinity of the Property, is owned by the SHKP Group. The joint development of the Property with the SHKP Group will enable the Group to benefit from the synergies between the redeveloped Property, which will be for commercial use, and V City in terms of coordination of market positioning so as to target a more comprehensive tenant pool and retail customer base.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

4.3. Satisfactory cooperative relationship with the SHKP Group in property development

The joint development of the Property is not the first project that the Group is cooperating with the SHKP Group in property development. Back in 2003, the SHKP Group had been supervising the construction management for the development project of Manhattan Hill owned by the Group (the “**Manhattan Hill Project**”). Manhattan Hill is an up-scale luxurious complex of residential towers located in Lai Chi Kok, Kowloon, the development of which was completed in 2006. Further in 2009, the Group entered into an arrangement similar to that under the Sale and Purchase Agreement with the SHKP Group on the disposal of 50% interest and joint development of the Kwun Tong Site. We understand from the Management that the basement and superstructure construction works of the Kwun Tong Site are currently underway and the occupation permit is expected to be obtained in mid-2022. Considering that the cooperative relationships between the Group and the SHKP Group in developing properties in Hong Kong have been satisfactory, we believe the two parties have the ability to cooperate, which could help facilitate the development process of the Property.

4.4. Section summary

Having considered that (i) the Disposal and the joint development arrangement could alleviate the capital burden of the Group in relation to the development of the Property; (ii) the joint development arrangement enables the Group to leverage on the experience and expertise of SHKP in property development and benefit from the synergies between the redeveloped Property and the nearby properties owned by the SHKP Group; and (iii) the Group and the SHKP Group have a satisfactory cooperative relationship in developing properties in Hong Kong, especially that they had entered into a similar arrangement to that under the Sale and Purchase Agreement for the joint development of the Kwun Tong Site, we concur with the view of the Directors that the Disposal is in the interests of the Company and the Shareholders as a whole.

5. Principal terms of the Sale and Purchase Agreement

We summarise below the principal terms of the Sale and Purchase Agreement. For more details, please refer to the “Letter from the Board” of the Circular.

Date of the Sale and Purchase Agreement	9 November 2020
Assets to be disposed of	(i) 50% of the issued share capital of TMPI; and (ii) 50% of the loan owing by TMPI to the Vendor
Consideration	HK\$750,512,189.00

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Payment terms

The Consideration is payable as follows:

- (i) a sum of HK\$75,051,218.90 being 10% of the Consideration which has been paid by the Purchaser on the date of the Sale and Purchase Agreement; and
- (ii) a sum of HK\$675,460,970.10 being 90% of the Consideration to be paid by the Purchaser on the Completion Date

To assess the fairness and reasonableness of the terms of the Sale and Purchase Agreement, we have taken into account the following factors:

5.1. Consideration

As set out in the Letter from the Board, the Consideration, amounting to approximately HK\$0.75 billion, was determined after arm's length negotiations between the parties with reference to the fair value of the Property being the major asset of TMPI. The appraised value of the Property as at 10 September 2020 prepared by an independent valuer (the "Valuer") amounted to HK\$1.5 billion. We have reviewed the Valuation Report prepared by the Valuer, the details of which are set out in Appendix II to the Circular, and we have conducted an independent interview with the Valuer.

We have enquired and the Valuer has confirmed its independence from the Group and other parties to the Sale and Purchase Agreement and the transactions contemplated thereunder. In addition to our discussion with the Valuer on its firm's experience and expertise, we have obtained relevant qualifications and credentials of the team members involved in this valuation of the Property. We noted that the Valuer is a global real estate services firm specialising in commercial property and investment management with a proven track record in property valuation. The person who is responsible for signing off the Valuation Report is a qualified general practice surveyor and has about 26 years of experience in valuation of properties in Hong Kong. We have also reviewed the Valuer's terms of engagement and discussed with the Valuer regarding its work performed in connection with the valuation. We are satisfied that the Valuer is qualified to give the opinion as set out in the Valuation Report having taken into account its relevant experience and expertise, its independence, and its scope of work.

In assessing the appraised value of the Property, we have reviewed the Valuation Report and discussed with the Valuer on, the methodology of, and the basis and assumptions adopted for, the valuation the Property. The Valuer has adopted the direct comparison method as the primary methodology to assess the value of the Property and the residual method for cross-checking purpose (the "Valuation Approach"). In valuing the Property, it was assumed that (i) the owner sells the Property on the market without the benefit of a deferred terms contract, leaseback, management agreement or any similar arrangement which could serve to

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

affect the value of the Property; and (ii) the Property is free of legal complications and encumbrances, restrictions, outgoings and outstanding cost of an onerous nature that could affect its value. Based on our discussion with the Valuer, we understand that the Valuation Approach and the valuation assumptions are commonly adopted when determining the market value of similar types of property. We have also performed independent research on property transactions of listed companies in Hong Kong and noted from the property valuation reports published for these transactions that the valuation assumptions adopted by the Valuer in this case are standard assumptions which are commonly adopted.

In this case, the Valuer has arrived at a market value for the Property as at 10 September 2020 of HK\$1.5 billion. We have obtained from the Valuer details of the selected comparable premises (the “**Comparable Premises**”) applied in the direct comparison method for the valuation of the Property. In particular, the Valuer has identified and analysed various sales evidence of properties which have similar characteristics as the Property such as their redevelopment potential, nature and geographical area. We understand that the Valuer has made adjustments to some of the comparable transactions where the Valuer considered appropriate, taking into account differences in terms of market conditions, location, site area, planning approval status, accessibility, etc. We are of the view that the number of comparable transactions used for comparison is adequate and the nature and particulars of the transactions chosen are appropriate and relevant for providing a fair and reasonable basis for the Valuer’s opinion.

After the above, the Valuer has cross-checked the aforesaid value of the Property with the value derived using the residual method. The residual method is based on the principle that the price which a purchaser could afford for a piece of land should be the surplus or residue that remained after all the costs of carrying out the construction were deducted from the proceeds receivable from the sale of the completed development. To apply the residual method, the estimated development costs of the Property (including foundation costs, superstructure construction costs, professional fees, finance costs, developer’s profit and risk, etc.) are deducted from the gross development value of the proposed development of the Property. These redevelopment cost items are mainly estimated based on information provided by quantity surveyors; while the gross development value, which represents the aggregate capital value of the units of the proposed development at current prices assuming building completion as at the date of valuation, is estimated with reference to the sales evidence of comparable properties.

Having considered that the Valuation Approach in determining the value of the Property is an approach commonly adopted, and that the assumptions and underlying basis for valuing the Property are fair and reasonable, we are of the view that the Consideration, which is based on the appraised value of the Property, is fair and reasonable and is in the interests of the Company and the Independent Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

5.2. Shareholders Agreement

Upon Completion, the Vendor, the Purchaser, the Company, SHKP and TMPI will enter into the Shareholders Agreement in respect of the management of TMPI and the Project.

We summarise below the principal terms of the form of the Shareholders Agreement enclosed in the Sale and Purchase Agreement.

Matters in relation to the development of the Property

- (i) TMPI shall make an application to the Town Planning Board to obtain the approval for the re-zoning and (if so required) planning permission for development of the Property for office, shop and services uses; and make an application, upon obtaining Planning Approval, to the Government for a modification of the Government lease or such necessary approval (which may include adjoining Government land) to permit the development of the Property for office, shop and services uses;
- (ii) For so long as the Purchaser (together with other members of the SHKP Group) is the beneficial owner or controller of, directly or indirectly, not less than 50% of all the issued shares of TMPI, TMPI shall appoint Sun Hung Kai Real Estate Agency Limited (or such other wholly-owned subsidiary of SHKP as SHKP may nominate from time to time) as the Project Manager to lead the Project;

The appointment of the Project Manager shall be at the management fee of 1% of the construction costs (excluding professional fees and land premium) and on such other terms as may be approved by the board of directors of TMPI (the “**TMPI Board**”), comprising not more than six directors where each shareholder of TMPI is entitled to nominate up to three directors, and agreed with the Project Manager;

- (iii) For so long as the Purchaser (together with other members of the SHKP Group) is the beneficial owner of, directly or indirectly, not less than 50% of all the issued shares of TMPI, TMPI shall appoint Sun Hung Kai Real Estate (Sales and Leasing) Agency Limited (or such other wholly-owned subsidiary of SHKP as nominated by SHKP from time to time) as the leasing agent (the “**Leasing Agent**”) to provide leasing and licensing services for the completed Development;

The appointment of the Leasing Agent shall be at the fees comprising (a) a handling fee for new tenancies/licences or renewal of tenancies/licences at an amount equal to one month rent/licence fee under each such new or renewal lease/licence; and (b) a leasing/licensing administration fee of 3% of the total monthly rent/licence fee under all leases and licences of the Development, and on such other terms as may be approved by the TMPI Board and agreed with the Leasing Agent;

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- (iv) For so long as the Purchaser (together with other members of the SHKP Group) is the beneficial owner of, directly or indirectly, not less than 50% of all the issued shares of TMPI, TMPI shall appoint a wholly-owned subsidiary of SHKP as nominated by SHKP from time to time as the estate manager (the “**Estate Manager**”) for providing property management services to TMPI after the completion of the Development;

The appointment of the Estate Manager shall be at such prevailing market level of fees in Hong Kong at the time of appointment as is commensurate with the nature and scale of the Development to be approved by the TMPI Board and agreed with the Estate Manager, provided that such fee shall not exceed 10% of the management expenses of the Development and on such other terms as may be approved by the TMPI Board and agreed with the Estate Manager; and

- (v) The main construction contract for the Development shall be awarded to reputable and competent contractors on such terms and in such manner as shall be decided by the TMPI Board in consultation with the Project Manager; each of the parties agrees that any affiliate of SHKP shall have the right to participate in any bidding process of TMPI and the Project Manager to appoint the main contractor for the Development.

Financing for TMPI

- (i) TMPI may raise capital and obtain financing to meet the working capital and funding requirements by such means as the TMPI Board determines from time to time;
- (ii) All shareholders’ loans shall be lent to TMPI on such terms and at such time as decided by the TMPI Board based on the recommendation of the Project Manager and shall be provided to TMPI by the shareholders of TMPI on a pro rata basis in proportion to the respective shareholdings in TMPI; and
- (iii) Any guarantees or other securities in respect of any borrowings of TMPI from banks, financial institutions or other third parties is subject to the approval of the TMPI Board, severally on equivalent terms and on a pro rata basis in proportion to the respective shareholdings of the shareholders in TMPI.

5.2.1. Appointment of the Project Manager, the Leasing Agent and the Estate Manager

In assessing the fairness and reasonableness of the appointment of subsidiaries of SHKP as the Project Manager, the Leasing Agent and the Estate Manager in relation to the development of the Property, we have considered the expertise and experience of the SHKP Group in property development, property investment and property management, especially in the area of commercial properties, as discussed under sections headed “2. Background

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information of the SHKP Group” and “4.2. Leveraging on the expertise and experience of the SHKP Group” in this letter and we are of the view that the SHKP Group has the competency in acting as the Project Manager, the Leasing Agent and the Estate Manager.

In addition, we note that the SHKP Group had also provided similar kind of services to the Group previously. Back in 2003, the SHKP Group was appointed by the Group for overseeing the construction management, marketing and sales programme, and property management for the Manhattan Hill Project. In 2010, the SHKP Group was also appointed by the Group as the project manager for the management, supervision and control of the application for planning permission, the surrender and regrant and the construction of the Kwun Tong Site. We understand from the Management that the Group’s cooperation with the SHKP Group has been satisfactory and the SHKP Group’s contribution in the abovementioned areas has facilitated the development of the Manhattan Hill Project and the Kwun Tong Site. Based on the above, we are of the view that the appointment of subsidiaries of SHKP as the Project Manager, the Leasing Agent and the Estate Manager is fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

In assessing the fairness and reasonableness of the fees to be charged by the Project Manager, the Leasing Agent and the Estate Manager, we have discussed with the Quantity Surveyor who is of the opinion that, based on its market knowledge, the fee levels payable to the Project Manager, the Leasing Agent and the Estate Manager are fair and reasonable and on normal commercial terms taking into account the scope of work stated in the Shareholders Agreement and the redevelopment plan of the Property.

We have also conducted independent research in this respect and noted an announcement published by Hysan Development Company Limited (stock code: 00014) on 20 March 2019 in relation to the provision of leasing and property management services for Lee Garden Two, 28 Yun Ping Road, Causeway Bay, Hong Kong, which is also a commercial property comprising offices and shops, and the service charges in that case are comparable to those to be charged by the Leasing Agent and the Estate Manager. As for fees payable to the Project Manager, we noted a joint announcement published by PCCW Limited (stock code: 00008) and Pacific Century Premium Developments Limited (stock code: 00432) on 15 January 2018 in relation to the redevelopment of properties in Hong Kong which also involved changing the use of the site from residential to commercial. In that case, the project management fee payable to the project manager was set at 1% of the construction costs, which is the same as the fee level to be charged by the Project Manager. We note that public information, especially those within recent years, on provisions of the abovementioned types of services for property development projects or properties in Hong Kong, in particular those of similar scale and nature to the Project or the Property, is limited. We nevertheless believe that the two transactions above are sufficient for us to form our views on the fairness and reasonableness of the fees to be charged by the Project Manager, the Leasing Agent and the Estate Manager given that these comparable transactions were undertaken by established and sizable listed companies which should have maintained high standards of corporate governance and adequate internal controls when

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entering into the abovementioned agreements. Based on the above, together with the opinion of the Quantity Surveyor, we are of the view that the fees to be charged by the Project Manager, the Leasing Agent and the Estate Manager are fair and reasonable and are on normal commercial terms.

We noted that the terms of the service contracts will require approval by the TMPI Board where the Vendor and the Purchaser have equality in terms of the number of directors that can be nominated. Having considered the factors and findings above, we are of the view that the terms in relation to the appointment of the Project Manager, the Leasing Agent and the Estate Manager as stipulated in the form of the Shareholders Agreement are fair and reasonable and on normal commercial terms.

5.2.2. Other principal terms of the Shareholders Agreement

Having considered that (i) the major decisions of TMPI, including, amongst others, the appointment of main contractors for the development of the Property and the financing for TMPI, shall be made by the TMPI Board where the Vendor and the Purchaser have equality in terms of the number of directors that can be nominated; and (ii) financing from shareholders of TMPI shall be on a pro rata basis in proportion to their respective shareholdings, we are of the opinion that the other principal terms of the Shareholders Agreement are also on normal commercial terms, and are fair and reasonable as far as Independent Shareholders are concerned.

5.3. Section summary

Having considered our assessment on the principal terms of the Sale and Purchase Agreement, including the Consideration and the principal terms of the form of Shareholders Agreement enclosed in the Sale and Purchase Agreement, we are of the view that the terms of the Sale and Purchase Agreement are on normal commercial terms, and are fair and reasonable as far as Independent Shareholders are concerned.

6. Financial impact of the transactions contemplated under the Sale and Purchase Agreement

The Group is expected to realise a net gain of approximately HK\$1.496 billion from the Disposal (subject to adjustment), being the aggregate of the Consideration and the fair value of the Group's remaining 50% interest in TMPI as at the Completion Date, less the net asset value of TMPI on the Completion Date prior to Completion and related transaction expenses. The Disposal will therefore increase the profit and the net asset value of the Group immediately upon Completion. According to the Management, the contribution to be made by the Group towards the Project Costs (the "**Capital Commitment**") will be capitalised as investment property under development during the development period, hence contribution towards the Project Costs should have no immediate material impact on the profit of the Group.

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Besides, the Company also confirmed that the Group would have sufficient financial resources to satisfy the Capital Commitment in full, and the joint development of the Property with the SHKP Group would not impose any material adverse effect on the Group's working capital position after taking into account (i) the Group's current working capital position and working capital requirements for the short to medium term; (ii) the net proceeds expected to be received from the Disposal; (iii) the banking facilities currently available to the Group; and (iv) the fact that the Capital Commitment will be settled by stage payments throughout a number of years.

RECOMMENDATION

Having considered the above principal factors, we are of the view that (i) the entering into of the Sale and Purchase Agreement is in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole; and (ii) the terms of the Sale and Purchase Agreement are on normal commercial terms, and are fair and reasonable as far as the Independent Shareholders are concerned.

Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the resolution approving the Disposal and the Sale and Purchase Agreement at the SGM.

Yours faithfully,

For and on behalf of

Altus Capital Limited

Chang Sean Pey

Executive Director

Simon Kwok

Senior Manager

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 Investments 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.

Mr. Simon Kwok ("Mr. Kwok") is a Responsible Officer of Altus Capital Limited licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and permitted to undertake work as a sponsor. He has over four years of experience in corporate finance advisory in Hong Kong, 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 transactions. Mr. Kwok is a certified public accountant of the Hong Kong Institute of Certified Public Accountants.

A. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for the years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2020 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://www.irasia.com/listco/hk/transport/>) and which can be accessed by the direct hyperlinks below:

- the annual report of the Company for the year ended 31 December 2017 published on 16 April 2018 (pages 120 to 207):
<http://www1.hkexnews.hk/listedco/listconews/sehk/2018/0416/ltn201804169985.pdf>
- the annual report of the Company for the year ended 31 December 2018 published on 10 April 2019 (pages 132 to 227):
<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0411/ltn201904119991.pdf>
- the annual report of the Company for the year ended 31 December 2019 published on 17 April 2020 (pages 140 to 235):
<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0421/2020042100233.pdf>
- the interim report of the Company for the six months ended 30 June 2020 published on 15 September 2020 (pages 19 to 42):
<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0915/2020091500141.pdf>

B. INDEBTEDNESS

As at 31 October 2020, 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\$3,560 million, all of which were unsecured. In addition, certain guarantees were given to banks by the Company in respect of bank loans extended to certain wholly-owned subsidiaries. As at 31 October 2020, 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\$1,850 million.

Save as aforesaid or as otherwise disclosed herein and apart from intra-group liabilities, the Group did not have any loan capital issued and outstanding or agreed to be 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 31 October 2020.

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, save as disclosed in the interim report of the Company for the six months ended 30 June 2020, there had been no material adverse change in the financial or trading position or outlook of the Group since 31 December 2019 (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

The global pandemic situation has had a significant impact on the transport industry as well as the people of Hong Kong. Since the outbreak of COVID-19, both franchised and non-franchised bus operations have recorded a significant drop in ridership. The Group has responded promptly by adjusting the trip frequencies and implementing a number of cost control measures to lessen the financial impact. Moreover, the Government has introduced a series of relief measures to relieve part of the financial burdens of the affected industries and the public. As passenger service providers, the Group is eligible, for a period of six months during the financial year ending 31 December 2020, to receive wage subsidies and fuel subsidies, as well as regular repair and maintenance costs and insurance premium subsidies. It is anticipated that the amount of Government subsidies to be recorded in the second half of 2020 will be larger than the amount recorded in the first half of 2020. However, the financial performance of the Group for the second half of 2020 would still highly depend on the development of COVID-19. The management would continue to closely monitor the situation of the COVID-19 and respond swiftly by adjusting the frequency of trip and allocation of resource.

The Kwun Tong Site, in which the Group has a 50% stake, is planned for development into a large-scale commercial and retail complex as a long-term investment for the Group. The basement and superstructure construction works are underway. This development project is expected to be completed in 2022 and will generate a stable and sustainable rental income to the Group in the years ahead.

The following is the text of a letter and valuation certificate, prepared for the purpose of incorporation in this circular received from Jones Lang LaSalle Limited, an independent valuer, in connection with its valuation as at 10 September 2020 of the property valuation of the Property.



Jones Lang LaSalle Limited
Valuation Advisory Services
7/F, One Taikoo Place, 979 King's Road
Quarry Bay, Hong Kong
Company Licence No. C-003464

The Board of Directors
TM Properties Investment Limited
Level 2, 1 Lam Wah Street
Kowloon Bay, Kowloon
Hong Kong

27 November 2020

Dear Sir/Madam,

Property valuation of Tuen Mun Town Lot No. 80 at No. 1 Kin Fung Circuit, Tuen Mun, New Territories, Hong Kong

We refer to the instruction from TM Properties Investment Limited (the "Company") for us to assess the market value of Tuen Mun Town Lot No. 80 at No. 1 Kin Fung Circuit, Tuen Mun, New Territories, Hong Kong (the "Property") subject to existing tenancy as at 10 September 2020 (the "date of valuation").

We acknowledge that this report is prepared for the purpose of inclusion in a public circular.

We confirm that we have carried out an inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing an opinion of market value of the unencumbered leasehold property interest of the Property.

Basis of Valuation

Our valuation has been prepared in accordance with "HKIS Valuation Standards 2017" published by The Hong Kong Institute of Surveyors ("HKIS"), "International Valuation Standards effective 31 January 2020" published by the International Valuation Standards Council ("IVSC") and "RICS Valuation – Global Standards effective from 31 January 2020" ("RICS Standards") published by the Royal Institution of Chartered Surveyors ("RICS") subject to variation to meet local established law.

Unless otherwise stated, our valuation is undertaken as External Valuers as defined in the relevant Valuation Standards. Compliance with the RICS Standards may be subject to monitoring under the RICS' conduct and disciplinary regulations.

Our valuation has also been prepared in accordance with relevant provisions in the Company Ordinance and it has complied with Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Our valuation is made on the basis of Market Value as defined by IVSC and adopted by HKIS and RICS, set out as follows:

“the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

The valuation presented in this report represents the 100% interest of the Property and not the shareholdings of the company holding the property interest thereof.

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a 'Global Pandemic' on 11 March 2020, has impacted many aspects of daily life and the global economy – with some real estate markets experiencing significantly lower levels of transactional activity and liquidity. Consequently, a higher degree of caution should be attached to our valuation than would normally be the case. Nonetheless, we confirm that our valuation is a formal valuation which reflects the true and fair valuation of the Property as at the date of valuation.

Valuation Assumptions

Our valuation has been made on the assumption that the owner sells the Property on the market without the benefit of a deferred terms contract, leaseback, management agreement or any similar arrangement which could serve to affect the value of the Property.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Property nor for any expenses or taxation that may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free of legal complications and encumbrances, restrictions, outgoings and outstanding costs of an onerous nature that could affect its value.

Valuation Methodology

We have adopted the Direct Comparison Method as the primary method to assess the land value; and the Residual Method for cross check purpose.

(i) Direct Comparison Method

The Direct Comparison Method is a method of valuation which compares the Property directly with other comparable properties which are recently transacted. Comparable premises are generally located in the surrounding areas or in other sub-markets which are comparable to the Property in terms of the nature or redevelopment potential.

Due to the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative and quantitative difference that may affect the price likely to be achieved by the Property under consideration.

(ii) Residual Method

The Residual Method is essentially a means of valuing the land by reference to its development/redevelopment potential by deducting development costs including foundation cost, superstructure construction cost, professional fees, finance costs, developer's profit and risk, etc. from its gross development value ("GDV") of a proposed development.

The total GDV is the aggregate capital value of the units of the proposed development at current prices assuming building completion as at the date of valuation.

Source of Information

We have relied upon the information available from the public domain and have accepted advice from the Company on matters such as statutory notices, planning approvals, easements and particulars of occupancy of the Property.

We have assumed that all information provided to us is correct. Should it be established subsequently that the details relating to the Property are incorrect or inadequate, we reserve the right to adjust the value reported herein.

Measurements

All measurements are carried out in accordance with the "Code of Measuring Practice" booklet published by the HKIS. To suit the local practice, we declare our departure from the "RICS property measurement" published by RICS.

We have not carried out on site measurements of the Property at the time of inspection to verify the correctness of the site and floor areas. The dimensions, measurements and areas included in the report are based on information contained in copies of documents retrieved from the public domain and are therefore only approximations.

Title Investigation

We have conducted searches at the Land Registry on 23 July 2020 and the registered owner of the Property is TM Properties Investment Limited. We have not examined the original documents to verify ownership or to ascertain the existence of any lease amendments which may not appear on the copies made available to us.

Property Inspection

We inspected the exterior of the Property on 3 August 2020. We have assumed that the Property is free from rot, infestation or any other structural defects. We have not carried out building surveys, nor have we inspected those parts of the Property, which are covered, unexposed or inaccessible and such parts have been assumed to be in good repair and condition. We cannot express an opinion about or advise upon the condition of uninspected parts and this report should not be taken as making any implied representation or statement about such parts. No tests have been carried out to any of the building services within the Property.

We have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous material has been used in the construction of the Property, or have since been incorporated, and we are therefore unable to report that the Property is free from risk in this respect. For the purpose of this assessment we have assumed that such investigation would not disclose the presence of any such material to any significant extent.

Report

Our valuation certificate is attached hereto.

Yours faithfully
For and on behalf of
Jones Lang LaSalle Limited
Au Kin Keung, Alkan
BA (Hons), MHKIS, MRICS, RPS (GP), MCIREA
Senior Director
Licence No.: E-181955

Note: Mr. Au Kin Keung, Alkan, BA (Hons), MHKIS, MRICS, RPS (GP), MCIREA, is a qualified general practice surveyor and has about 26 years of experience in valuation of properties in Hong Kong.

Valuation Certificate

Property	Description, age and tenure	Particulars of occupancy	Market value as at 10 September 2020
No. 1 Kin Fung Circuit, Tuen Mun, New Territories, Hong Kong (the “ Property ”)	<p>The Property resides on roughly a rectangular shaped and levelled site. The site boundaries abut Kin Wing Street on its south, Tsun Wen Road on its west and Ho Tin Street on its north.</p>	<p>The Property was leased to a single tenant as at the date of valuation.</p>	<p>HK\$1,500,000,000 (Hong Kong Dollars One Billion Five Hundred Million)</p>
Tuen Mun Town Lot No. 80 (the “ Lot ”)	<p>The Property comprises a 3-storey industrial/godown building plus a single storey workshop area completed in 1978.</p>		
	<p>The site area of the Lot is approximately 81,230ft² (7,546m²).</p>		
	<p>According to the approved building plans, the total gross floor area of the Property is approximately 105,364ft² (9,789m²).</p>		
	<p>The Property is held under New Grant No. 2175 (“Land Grant”) for a term of 99 years commencing on 1 July 1898, has been extended to 30 June 2047 subject to a payment of an annual Government Rent of 3% of the rateable value of the time being of the Property.</p>		

Notes:

- (1) As per our Land Registry search record dated 23 July 2020 (“**Land Search Record**”), the registered owner of the Property is TM Properties Investment Limited vide Memorial No. 10092403060337 dated 16 September 2010.
- (2) The following encumbrance has been registered against the Property as per the Land Search Record:
 - Certificate of Compliance vide Memorial No. 10091302880542 dated 24 September 1979.
- (3) The Land Grant contains, inter alia, the salient development conditions as follows:
 - (i) User : Industrial or godown purposes with non-offensive trade clause
 - (ii) Building : A factory or factories or a warehouse or warehouses or both, the ancillary offices and such quarters as may be required for watchmen or caretakers
 - (iii) Parking Space : Space for the parking, loading and unloading of vehicles (including containers or trailers with their prime movers) at the rate of not less than one vehicle for each 10,000 square feet or part thereof of gross floors area, or at the rate of not less than one vehicle for each 5,000 square feet or part thereof of the site area, whichever rate provides the greater amount of such space
- (4) The Property is zoned under the Approved Tuen Mun Outline Zoning Plan No. S/TM/35 gazetted on 21 December 2018 for “Comprehensive Development Area (1)” (“CDA (1)”). Our valuation has taken into account of the notes, planning intention and uses that may be permitted on application to the Town Planning Board under CDA (1).

As advised by the Company, they will apply to the Town Planning Board, Lands Department and/or other relevant authorities for approval which enables the change of user from the existing industrial use to non-industrial use, subject to the land premium payable and the estimated time and cost required.
- (5) The existing lease of the Property was obtained through tender, with rental terms ranging from HK\$8.1 to HK\$17.3 per square foot per month.

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	Ordinary shares of HK\$1 each					Total number of shares held	Percentage of total issued shares
	Personal interests	Family interests	Corporate interests	Trustee interests	Other interests		
Dr. Norman LEUNG Nai Pang*	-	-	-	-	-	-	-
Dr. John CHAN Cho Chak*	2,000	-	-	-	-	2,000	-
Raymond KWOK Ping Luen	509,523 (Note 1)	-	-	-	-	509,523	0.111%
NG Siu Chan	-	24,984,977	-	-	-	24,984,977	5.457%
William LOUEY Lai Kuen	7,784,097	-	-	-	26,386,838	34,170,935 (Note 2)	7.464%
Charles LUI Chung Yuen	13,829	-	-	3,214,630 (Note 3)	-	3,228,459	0.705%
Winnie NG (Director and Alternate Director to Mr. NG Siu Chan)	181,416	-	-	24,984,977 (Note 4)	-	25,166,393	5.497%
Dr. Eric LI Ka Cheung*	-	-	-	-	-	-	-
Professor LIU Pak Wai*	-	-	-	-	-	-	-

Name of Director	Ordinary shares of HK\$1 each					Total number of shares held	Percentage of total issued shares
	Personal interests	Family interests	Corporate interests	Trustee interests	Other interests		
Allen FUNG Yuk Lun	-	-	-	-	-	-	-
Roger LEE Chak Cheong (Managing Director)	128,029	-	-	-	-	128,029	0.028%
TSANG Wai Hung*	-	-	-	-	-	-	-
Dr. CHEUNG Wing Yui	-	-	-	-	-	-	-
LEE Luen Fai	-	30,000	-	-	-	30,000	0.007%
LUNG Po Kwan	-	-	-	-	-	-	-
Susanna WONG Sze Lai (Alternate Director to Mr Raymond KWOK Ping Luen)	-	-	-	-	-	-	-
GAO Feng (Alternate Director to Mr William LOUEY Lai Kuen)	-	-	-	-	-	-	-

* Independent Non-executive Directors

Notes:

1. Of these shares in the Company, Mr. Raymond Kwok Ping Luen held 505,479 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 34,170,935 shares of the Company.
3. Mr. Charles Lui Chung Yuen and members of his family together had interests in certain private trusts which beneficially held 3,214,630 shares in the Company.
4. Ms. Winnie Ng had an interest in 24,984,977 shares in the Company 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 or 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	Share options in the Company					Exercise price per share	Market value per share at date of grant of options*	Market value per share on exercise of options*
	Balance as at the Latest Practicable Date	Date of grant	Exercised during the period	Forfeited during the period	Period during which options are exercisable			
Roger LEE Chak Cheong	860,000	31 October 2016	-	-	31 October 2017 to 30 October 2021 (Note 1)	HK\$23.45	HK\$23.45	-
Norman LEUNG Nai Pang	450,000	19 November 2020	-	-	19 November 2021 to 18 November 2025 (Note 2)	HK\$15.32	HK\$15.32	-
John CHAN Cho Chak	425,000	19 November 2020	-	-	19 November 2021 to 18 November 2025	HK\$15.32	HK\$15.32	-
Eric LI Ka Cheung	400,000	19 November 2020	-	-	19 November 2021 to 18 November 2025	HK\$15.32	HK\$15.32	-
LIU Pak Wai	400,000	19 November 2020	-	-	19 November 2021 to 18 November 2025	HK\$15.32	HK\$15.32	-
TSANG Wai Hung	400,000	19 November 2020	-	-	19 November 2021 to 18 November 2025	HK\$15.32	HK\$15.32	-
Raymond KWOK Ping Luen	400,000	19 November 2020	-	-	19 November 2021 to 18 November 2025	HK\$15.32	HK\$15.32	-
NG Siu Chan	400,000	19 November 2020	-	-	19 November 2021 to 18 November 2025	HK\$15.32	HK\$15.32	-
William LOUEY Lai Kuen	400,000	19 November 2020	-	-	19 November 2021 to 18 November 2025	HK\$15.32	HK\$15.32	-
Charles LUI Chung Yuen	400,000	19 November 2020	-	-	19 November 2021 to 18 November 2025	HK\$15.32	HK\$15.32	-
Winnie NG	400,000	19 November 2020	-	-	19 November 2021 to 18 November 2025	HK\$15.32	HK\$15.32	-

Name of Director	Share options in the Company					Exercise price per share	Market value per share at date of grant of options*	Market value per share on exercise of options*
	Balance as at the Latest Practicable Date	Date of grant	Exercised during the period	Forfeited during the period	Period during which options are exercisable			
Allen FUNG Yuk Lun	400,000	19 November 2020	-	-	19 November 2021 to 18 November 2025	HK\$15.32	HK\$15.32	-
CHEUNG Wing Yui	400,000	19 November 2020	-	-	19 November 2021 to 18 November 2025	HK\$15.32	HK\$15.32	-
LEE Luen Fai	400,000	19 November 2020	-	-	19 November 2021 to 18 November 2025	HK\$15.32	HK\$15.32	-
LUNG Po Kwan	400,000	19 November 2020	-	-	19 November 2021 to 18 November 2025	HK\$15.32	HK\$15.32	-
Roger LEE Chak Cheong	850,000	19 November 2020	-	-	19 November 2021 to 18 November 2025 (Note 3)	HK\$15.32	HK\$15.32	-

* being the weighted average closing price of the Company's ordinary shares on the date of grant or exercise, as applicable

Notes:

- Regarding the share options granted on 31 October 2016, the share options can be exercised up to 30% of the grant from the first anniversary thereof, up to 60% of the grant from the second anniversary thereof, and in whole or in part of the grant from the third anniversary thereof.
- Regarding the share options granted on 19 November 2020 (with the exception of those granted to Mr. Roger LEE Chak Cheong, which will be explained in Note 3 below), the share options can be exercised up to 50% of the grant from the first anniversary thereof, and in whole or in part of the grant from the second anniversary thereof.
- Regarding the share options granted to Mr. Roger LEE Chak Cheong on 19 November 2020, (i) 400,000 share options of which can be exercised up to 50% of the grant from the first anniversary thereof, and in whole or in part of the grant from the second anniversary thereof; and (ii) 450,000 shares options of which can be exercised up to 30% of the grant from the first anniversary thereof, up to 60% of the grant from the second anniversary thereof, and in whole or in part of the grant from the third anniversary thereof.

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:

	Ordinary shares of HK\$1 each				Percentage of total issued shares
	Registered shareholders	Corporate interests	Trustee interests	Total number of shares held	
HSBC Trustee (C.I.) Limited	–	–	181,807,753	181,807,753	39.7%
Sun Hung Kai Properties Limited (<i>Notes 1 and 2</i>)	–	181,807,753	–	181,807,753	39.7%
Arklake Limited (<i>Note 1</i>)	99,623,586	–	–	99,623,586	21.8%
Hung Fat (Hop Kee) General Contractors Limited (<i>Note 1</i>)	29,981,963	–	–	29,981,963	6.5%
Wister Investment Limited (<i>Note 1</i>)	26,597,086	–	–	26,597,086	5.8%
HSBC International Trustee Limited	37,805,269	–	–	37,805,269	8.3%
Kwong Tai Holdings (PTC) Limited (<i>Note 3</i>)	24,984,977	–	–	24,984,977	5.5%

Notes:

- The interest disclosed by SHKP includes the 156,202,635 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.

3. The interest disclosed by Kwong Tai Holdings (PTC) Limited includes 24,984,977 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' INTEREST 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 businesses 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

7. DIRECTORS' INTERESTS IN ASSETS

As at the Latest Practicable Date, save for the Sale and Purchase Agreement, none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2019 (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, Director(s) who are also director(s)/employee(s) and/or shareholder(s) of SHKP or its subsidiaries may be materially interested in the following transactions entered into between the Group and certain subsidiaries of SHKP which may be significant in relation to the business of the Group as a whole:

- (a) During the six months ended 30 June 2020, the Group provided coach services to certain subsidiaries of SHKP. The amounts received and receivable for these coach services amounted to HK\$3.5 million (six months ended 30 June 2019: HK\$6.0 million). Outstanding balances due from these companies at 30 June 2020 amounted to HK\$1.3 million (31 December 2019: HK\$3.5 million).
- (b) The Group also provided coach services to residents of certain residential property developments managed by certain members of SHKP and its subsidiaries ("**SHKP Group**") where the SHKP Group acts as agent for collection of the service fees ("**Coach Service Arrangement**"). The amounts received and receivable for these Coach Service Arrangements amounted to HK\$21.9 million (six months ended 30 June 2019: HK\$21.2 million). Outstanding balances due from these companies at 30 June 2020 amounted to HK\$9.5 million (31 December 2019: HK\$9.2 million).
- (c) In 2019 and 2018, the Group entered into contracts with a subsidiary of SHKP, Sun Hung Kai Properties Insurance Limited ("**SHKPI**"), for the provision of insurance services to the Group for the period from 1 January 2020 to 31 December 2021 (the "**2020/21 Medical and Dental Insurance Arrangement**") and for the period from 1 January 2019 to 31 December 2020 (the "**2019/20 Insurance Arrangements**") respectively. The amount paid and payable under the 2020/21 Medical and Dental Insurance Arrangement and 2019/20 Insurance Arrangements for the six months ended 30 June 2020 amounted to HK\$59.2 million (six months ended 30 June 2019: HK\$51.2 million). There was no outstanding balances payable under these contracts at 30 June 2020 and 31 December 2019.
- (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 2020 amounted to HK\$0.6 million (six months ended 30 June 2019: HK\$0.4 million). Outstanding balance payable for this contract at 30 June 2020 amounted to HK\$0.1 million (31 December 2019: HK\$0.2 million).

- (e) On 26 April 2010, KT Real Estate Limited (“**KTRE**”), a wholly-owned subsidiary of the Company, and Turbo Result Limited (“**TRL**”) a subsidiary of SHKP, entered into an agreement with Sun Hung Kai Real Estate Agency Limited (“**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 Kwun Tong (the “**Kwun Tong Site**”) and the construction of the Kwun Tong Site.

The amount payable for project management services shall be a sum equivalent to whichever is the higher of (1) HK\$20.0 million; and (2) 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 (1) HK\$3.2 for each square foot of the permitted maximum gross floor area as approved under the lease modification; and (2) HK\$3.8 million. Outstanding balance payable for this contract at 30 June 2020 amounted to HK\$2.0 million (31 December 2019: HK\$2.0 million).

- (f) On 20 December 2018, KTRE, TRL and Yee Fai Construction Company Limited (“**Yee Fai**”) (a wholly-owned subsidiary of SHKP) entered into a building contract in which KTRE and TRL have engaged Yee Fai to carry out and complete the building works involving the construction of a commercial building at the Kwun Tong Site (the “**Building Contract**”). KTRE and TRL shall pay to Yee Fai, in equal shares, the contract sum of HK\$4,436.1 million (i.e. HK\$2,218.0 million each), subject to adjustments in accordance with the Building Contract. Outstanding balance payable for this contract as at 30 June 2020 amounted to HK\$32.4 million (31 December 2019: HK\$16.1 million).
- (g) During the six months ended 30 June 2020, the Group provided advertising services to certain subsidiaries of SHKP, a substantial shareholder of the Company. The amounts received and receivable for these advertising services amounted to HK\$0.3 million (six months ended 30 June 2019: HK\$1.1 million). Outstanding balances due from these companies at 30 June 2020 amounted to HK\$0.1 million (31 December 2019: HK\$0.7 million).

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
Jones Lang LaSalle Limited	independent professional valuer

As at the Latest Practicable Date, each of the above experts 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, each of the above experts did not have any direct or indirect interest in any assets which had been since 31 December 2019 (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.

Each of the above experts 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) a contract dated 20 December 2018 (the “**Building Contract**”) entered into amongst KTRE, TRL and Yee Fai, relating to, inter alia, 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 a site in Kwun Tong, details of which are set out in the circular of the Company dated 15 January 2019; and
- (b) the Sale and Purchase Agreement.

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 17M/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.
- (c) The company secretary of the Company is Miss Lana Woo, BA, MBA, FCIS, FCS(PE), CPA (Canada), CGA.
- (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 will be available for inspection during normal business hours from Monday to Friday (other than public holidays) at the principal office of the Company at 15/F., 9 Po Lun Street, Lai Chi Kok, Kowloon, Hong Kong up to and including the date of the SGM:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the Sale and Purchase Agreement;

- (c) copies of the material contracts referred to under the paragraph headed “Material Contracts” in this appendix;
- (d) the written consents referred to under the paragraph headed “Expert and Consent” in this appendix;
- (e) 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 on pages 19 to 34 of this circular;
- (f) the valuation report of Jones Lang LaSalle Limited in respect of the Property, the text of which is set out on pages II-1 to II-6 of this circular;
- (g) the annual reports of the Company for the two financial years ended 31 December 2018 and 31 December 2019 respectively;
- (h) the interim report of the Company for the six months ended 30 June 2020; and
- (i) this circular.

NOTICE OF SGM



TRANSPORT INTERNATIONAL HOLDINGS LIMITED (載通國際控股有限公司)* (Incorporated in Bermuda with limited liability) (Stock code: 62)

NOTICE IS HEREBY GIVEN that the special general meeting of Transport International Holdings Limited (the “**Company**”) will be held at 5/F, KMB Kowloon Bay Bus Depot, 1 Lam Wah Street, Kowloon Bay, Kowloon, Hong Kong on Thursday, 17 December 2020 at 10:00 a.m to consider and, if thought fit, pass with or without modifications the following resolution as ordinary resolution of the Company:–

ORDINARY RESOLUTION

“**THAT**:–

- (a) the sale and purchase agreement dated 9 November 2020 (the “**Sale and Purchase Agreement**”) entered into between TM Properties Holdings Limited (an indirect wholly-owned subsidiary of the Company), Mega Odyssey Limited (an indirect wholly-owned subsidiary of Sun Hung Kai Properties Limited (“**SHKP**”)), the Company and SHKP and the transactions contemplated thereunder as described in the circular of the Company dated 27 November 2020 (the “**Circular**”) (a copy of the Sale and Purchase Agreement and the Circular and marked “A” and “B” respectively are produced at the meeting and initialled by the chairman of the meeting for the purpose of identification) and the implementation thereof be and are hereby approved, ratified and confirmed; and
- (b) the directors of the Company be and are hereby authorized for and on behalf of the Company to do all such acts and things, to sign and execute and, where required, to affix the common seal of the Company to all such documents, instruments, deeds and agreements and to take all such steps as they may consider necessary, appropriate, desirable or expedient to give effect to or in connection with the Sale and Purchase Agreement and all other matters incidental thereto.”

By Order of the Board
Lana WOO
Company Secretary

Hong Kong, 27 November 2020

* *For identification purpose only*

NOTICE OF SGM

Notes:

- (1) Any member of the Company entitled to attend and vote at the SGM of the Company shall be entitled to appoint another person as his proxy to attend and to 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 SGM.
- (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 the holding of the SGM or adjourned meeting.
- (3) The above resolution will be put to vote by way of a poll at the SGM.
- (4) The register of members of the Company will be closed from 14 December 2020 to 17 December 2020 (both days inclusive) for the purpose of determining the entitlement to attend and vote at the SGM. During such period, no transfer of Shares will be registered. In order to be eligible to attend and vote at the SGM, 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 17M/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on 11 December 2020. Independent Shareholders whose names appear on the register of members of the Company on 17 December 2020 shall be entitled to attend and vote at the SGM.
- (5) If a black rainstorm warning signal is in force or a tropical cyclone warning signal no.8 or above is hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon on the day of the SGM, the SGM will be adjourned. The Company will publish an announcement on its website and the website of Hong Kong Exchanges and Clearing Limited to notify shareholders of the date, time and venue of the adjourned meeting. Shareholders should decide on their own whether they would attend the SGM under bad weather conditions having regard to their own situations and, if they choose to do so, they are advised to exercise care and caution.
- (6) The translation into Chinese language of this notice is for reference only. In case of inconsistency, the English version shall prevail.

NOTICE OF SGM

GUIDANCE ON PARTICIPATING AT THE SGM

1. Coronavirus Situation

To facilitate ongoing prevention and control of the COVID-19 pandemic and to safeguard the health and safety of our Shareholders and all people attending the SGM, Shareholders are hereby informed that there will be no distribution of souvenirs or serving of food or beverages at the SGM in order to reduce person to person contact. The Company also recommends all Shareholders to appoint the chairman of the SGM as their proxy to vote on relevant resolution, instead of attending the SGM in person. Each attendee is required to wear a surgical face mask and to undertake a temperature check before entering the SGM venue.

2. New Arrangements about the SGM

- (a) **Separate Rooms** – Having regard to public health information regarding social distancing, there will be arrangements for the attending Shareholders to be seated in assigned seats in separate rooms at the SGM venue with video link up.
- (b) **Registration** – Shareholders are encouraged to register by phone at 852-2786 8888 of their intention in attending the SGM in person during the period beginning from 27 November 2020, 9:00 a.m. and ending at 15 December 2020, 5:00 p.m.. Duplicated registrations will be disregarded.

3. The SGM Venue

5/F, KMB Kowloon Bay Bus Depot, 1 Lam Wah Street,
Kowloon Bay, Kowloon, Hong Kong

(No shuttle bus service will be provided and no parking space will be available.)*

