

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



TRANSPORT INTERNATIONAL HOLDINGS LIMITED

(載通國際控股有限公司)*

(incorporated in Bermuda with limited liability)

(Stock code: 62)

ANNOUNCEMENT ON THE CHANGE OF ACCOUNTING POLICY FOR INVESTMENT PROPERTIES AND ITS IMPACTS ON FINANCIAL RESULTS

This announcement is made by Transport International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong).

CHANGE IN ACCOUNTING POLICY

In accordance with “HKAS 40 - Investment property” and “HKAS 8 - Accounting policies, changes in accounting estimates and errors” under the Hong Kong Accounting Standards (“**HKAS**”), and with the aim of reflecting the value of investment properties (“**IP**”) and investment property under development (“**IPUD**”) held by the Group in a more objective manner and provide the shareholders of the Company (the “**Shareholders**”) with more up-to-date financial information, the Company has decided a change of accounting treatment for IP and IPUD from the cost model to the fair value model (the “**Change in Accounting Policy**”). Details on the expected Change in Accounting Policy are as follows:

CHANGE OF MODEL

Prior to the Change in Accounting Policy, the Group measured IP and IPUD under the cost model, whereby IP and IPUD were stated at historical cost less accumulated depreciation and impairment charge, if any.

After the Change in Accounting Policy, the Group will adopt the fair value model in measuring IP and IPUD and no depreciation will be charged. IP and IPUD will be carried at fair value, representing the open market value determined as at each reporting end-date by external independent valuer which is expected to adopt the income capitalisation approach and residual approach to align with the investment nature of IP and IPUD respectively. The difference between the fair value and the carrying amount will be recorded in the statement of profit or loss as part of fair value gain or loss.

REASONS FOR THE CHANGE IN ACCOUNTING POLICY

The Group adopted the cost model to account for its IP and IPUD which are held as long-term investments for the purpose of generating rental income and capital appreciation. In recent years, the Group's IP portfolio has been gradually increasing through land redevelopment and has become a prominent segment of the Group's businesses. However, under the cost model, where properties are measured at depreciated cost, the book value of IP and IPUD may not appropriately reflect its market value.

The board of directors of the Company (the "**Board**") believes the value of IP and IPUD held by the Group will be more objectively and fairly represented through the adoption of the fair value model. This change will also provide the Shareholders with up-to-date financial information and improved visibility, in comparison to the cost model.

EXPECTED FINANCIAL IMPACTS OF THE CHANGE IN ACCOUNTING POLICY

Pursuant to the relevant requirements, including the "HKAS 40 - Investment property" and "HKAS 8 - Accounting policies, changes in accounting estimates and errors", as the Change in Accounting Policy involves a change in the measurement of the Group's IP and IPUD, the Company will be required to make retrospective restatements to the respective consolidated financial statements of the Group as at 30 June 2022 and 31 December 2022 already published.

Based on a preliminary review of the unaudited consolidated management accounts of the Company for the six months ended 30 June 2023 (the "**Interim 2023**") and information currently available, the Change in Accounting Policy is expected to contribute to (i) an increase of approximately HK\$2,500 million, HK\$2,760 million and HK\$2,930 million in consolidated net assets of the Company as at 30 June 2022, 31 December 2022 and 30 June 2023 respectively; and (ii) an increase in profit of approximately HK\$200 million, HK\$460 million and HK\$170 million in consolidated profit or loss of the Company for the six months ended 30 June 2022, for the year ended 31 December 2022 and Interim 2023 respectively, which is estimated to contribute to a consolidated net profit attributable to the equity holders of about HK\$130 million to HK\$140 million for Interim 2023 (estimate based on draft unfinalised figures and subject to change), as compared to the restated consolidated net profit of approximately HK\$110 million for the corresponding period in 2022.

As the Company is still in the process of preparing and finalising its unaudited consolidated interim results for Interim 2023, the information contained in this announcement is only a preliminary assessment and estimate based on the latest unaudited consolidated management accounts and information currently available, which have not been confirmed by the auditors and may be subject to change. In particular, the above Interim 2023 results estimate is subject to the finalisation of the valuation results by the independent valuers, the actual results of the Group for Interim 2023 may be different from the information contained in this announcement. Details on the Group's results for Interim 2023 will be disclosed in the Interim 2023 results announcement which is expected to be published on or about 17 August 2023.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company and read the announcement of the interim results of the Company for Interim 2023 carefully when it is published.

By order of the Board
Transport International Holdings Limited
Lana Woo
Company Secretary

Hong Kong, 11 August 2023

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

Independent Non-executive Directors:

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

Non-executive Directors:

Mr. Raymond KWOK Ping Luen, *JP* (Mr. WONG Hong Kit 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, *BBS, JP*
Mr. LUNG Po Kwan
Mr. Christopher KWOK Kai-wang, *JP*

Executive Director:

Mr. Roger LEE Chak Cheong (Managing Director)

* *For identification purpose only*