



HOTUNG INVESTMENT HOLDINGS LIMITED

UPDATE ON BASIS OF PREPARATION OF FINANCIAL STATEMENTS OF THE GROUP

The board of directors (the “**Board**”) of Hotung Investment Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) wishes to announce that in view of, *inter alia*, the increase in the number of nominee directors appointed by the Company to the board of directors of Hotung International Co., Ltd. (“**HIC**”) (which is 41% held by the Company) with effect from 26 May 2015, such that the nominee directors of the Company will comprise half of the board of directors of HIC, HIC will be a subsidiary of the Company in accordance with the accounting policies of the International Financial Reporting Standards.

The Group is expected to consolidate HIC, which will be reflected as a subsidiary, into the financial statements of the Group with effect from 1 July 2015 given that there is no material impact to the consolidated financial statements and/or on the profit attributable to owners of the Group.

BY ORDER OF THE BOARD

Shu-Hui Lo
Company Secretary
26 May 2015