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PROSPERITY INVESTMENT HOLDINGS LIMITED

嘉進投資國際有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 310)

PROFIT WARNING

This announcement is made by Prosperity Investment Holdings Limited (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to announce that, based on the preliminary review of the unaudited management accounts of the Company and its subsidiaries (together the “**Group**”), the Group expects to record a loss of approximately HK\$87 million for the year ended 31 December 2018 (“**Year**”), as compared with the profit of approximately HK\$0.2 million for the year ended 31 December 2017 (“**Year 2017**”). The loss for the Year was primarily due to the following reasons:

- (i) a loss of approximately HK\$53 million (loss of approximately HK\$13 million for Year 2017) arose from the change in fair value of revenue in nature listed equity investments at fair value through profit or loss which was caused by the fluctuation of the stock market;
- (ii) a loss of approximately HK\$15 million arose from the change in fair value of capital in nature listed equity investments at fair value through profit or loss upon the first adoption of Hong Kong Financial Reporting Standard 9 (a fair value gain of approximately HK\$7 million treated under investment revaluation reserve for Year 2017); and
- (iii) no gain (gain of approximately HK\$31 million from the disposal of Yantai Juli Fine Chemical Co., Limited for Year 2017) from the disposal of available-for-sale unlisted equity investments.

The information contained in this announcement is only based on the preliminary assessment by the Board based on the information currently available, including the unaudited consolidated management accounts of the Group for the Year which have not been audited or reviewed by the auditors of the Company.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
Prosperity Investment Holdings Limited
Cheng Hairong
Chairman and Managing Director

Hong Kong, 14 January 2019

As at the date of this announcement, the Board comprises one executive Director, namely Mr. Cheng Hairong, one non-executive Director, namely Mr. Lau Tom Ko Yuen and three independent non-executive Directors, namely Mr. Feng Nien Shu, Mr. Lui Siu Tsuen, Richard and Ms. Wong Lai Kin, Elsa.

** For identification purpose only*