Prosperity International Holdings (H.K.) Limited
昌興國際控股(香港)有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 803)

OVERSEAS REGULATORY ANNOUNCEMENT

This announcement is made pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Please refer to the attached announcement released in the London Stock Exchange plc. today by Prosperity Minerals Holdings Limited, which is a direct 54.28%-owned subsidiary of the Company and whose shares are admitted to trading on the AIM market of the London Stock Exchange plc.

By order of the board of directors
Prosperity International Holdings (H.K.) Limited
Wong Ben Koon
Chairman

Hong Kong, 1 February 2010

As at the date of this announcement, the executive directors of Prosperity International Holdings (H.K.) Limited are Mr. Wong Ben Koon (Chairman), Mr. Sun Yong Sen (Deputy Chairman), Mr. Mao Shuzhong (Chief Executive Officer) and Mr. Kong Siu Keung. The independent non-executive directors are Mr. Mo Kwok Choi, Mr. Yuen Kim Hung, Michael and Mr. Yung Ho.

** for identification purpose only*

1 February 2010

Prosperity Minerals Holdings Limited
("Prosperity") or ("the Company")

Further Announcement in Relation to Disposal of
Cement Business in the People's Republic of China

Prosperity Minerals Holdings Limited (AIM: PMHL.L), which operates a cement manufacturing business in the People's Republic of China ("PRC") and an iron ore trading business serving the same market, today announces further information in relation to the proposed disposal of its cement business.

On 21 December 2009, Prosperity announced it had entered into a conditional sale and purchase agreement for the sale of the entire issued share capital of Upper Value Investments Limited (the "Target Company") and certain outstanding shareholder loans previously granted by Prosperity to the Target Company, its subsidiaries and associates (the "Disposal").

The Target Company is a direct wholly-owned subsidiary of Pro-Rise Business Limited which, in turn, is a direct wholly-owned subsidiary of the Company. The Target Company holds directly and indirectly certain equity interests in companies principally engaged in the manufacture and sale of cement and clinker in the PRC.

The Disposal constitutes a fundamental change of business of Prosperity under Rule 15 of the AIM Rules for Companies. Accordingly, completion of the Disposal is conditional, *inter alia*, on the approval of the shareholders of the Company at an extraordinary general meeting of the Company. Prosperity intends to release a circular to its shareholders by no later than Friday, 5 February 2010, providing them with further details about the Disposal and notifying them of an extraordinary general meeting of the Company to approve the Disposal (the "EGM").

The Company's majority shareholder, Prosperity International Holdings (H.K.) Limited ("PIHL"), is listed on the Hong Kong Stock Exchange (the "HKSE") and under the Rules Governing the Listing of Securities on the HKSE (the "HK Listing Rules"), PIHL is required to seek approval of its shareholders of the Disposal before casting its vote at the EGM. Accordingly, PIHL has convened a special general meeting of its shareholders to approve the Disposal, to be held on 19 February 2010 ("SGM"). PIHL has today published a shareholder circular providing details about the Disposal and notification for the SGM. The circular has not been reviewed by the Directors of the Company, save for Mr. (David) Ben Koon Wong and Mr. Michael Kim Hung Yuen (who are also directors of PIHL). A copy of the circular and the relevant announcements of PIHL can be found on PIHL's website (www.pihl-hk.com).

Under the HK Listing Rules, PIHL is required to disclose in its circular certain information about Prosperity and its subsidiaries. This includes (i) PIHL's management discussion and analysis of Prosperity and its subsidiaries which are excluded from the Disposal (the "PMHL Remaining Group") for the three years ended 31 March 2007, 2008 and 2009 and the six months ended 30 September 2009 and (ii) an independent property valuation report in respect of the property interests held by the Target Company and its subsidiaries included in the Disposal as at 30 November 2009. This information has not yet been announced by PMHL and accordingly it is set out in Appendix 1 and Appendix 2 to this announcement.

Further enquiries:

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Notes to Editors:

Prosperity (AIM: PMHL) operates a cement manufacturing business in the People's Republic of China ("PRC") and an iron ore trading business serving the same market.

Prosperity is focused on two key sectors serving the PRC: the manufacture and sale of cement; and the trading of iron ore. The Company's shares were admitted to trading on the AIM market of the London Stock Exchange in May 2006. It reports in US dollars.

The Company owns 100% of Yingde Dragon Mountain Cement Co. Limited ("YDM"), has a 25% interest in Prosperity Conch Cement Company Limited ("PCC"), and a 33.06% interest in Anhui Chaodong Cement Company Limited ("ACC"). YDM and PCC cement plants, where construction was completed in 2006, employ modern suspension pre-heater dry processing and are located on adjacent sites in Guangdong Province in the south east of the country. ACC is located in Anhui Province in the eastern PRC. Anhui Conch Cement Company Limited, being the largest cement operator in China, also owns 75% of PCC and 16.28% of ACC respectively. Prosperity also holds a 40% interest in Guangzhou K. Wah Nanfang Cement Limited ("Guangzhou Nanfang") which has cement grinding facilities in Guangzhou City, Guangdong Province, a 30% interest in Yunnan Kungang & K. Wah Cement Construction Materials Co. Limited ("Anning") located in Yunnan Province, and a 30% interest in Baoshan Kungang & K. Wah Cement Construction Materials Co. Limited ("Baoshan"), also located in Yunnan Province.

The designed sellable output capacity of clinker** and cement at YDM is 5.9 million tonnes per year, PCC is 7.9 million tonnes per year, ACC is 3.4 million tonnes per year, Guangzhou Nanfang is 0.8 million tonnes per year, Anning is 2.7 million tonnes per year and Baoshan is 1.8 million tonnes per year.

Prosperity also has interests in four cement projects under development. The Company holds a 75% interest in a new cement factory in Liaoning Province, 100% interest in a new cement factory in Chongqing Direct Municipal City; a 100% interest in a new cement factory in Guizhou Province and a 100% interest in a new cement factory in Guangan City, Sichuan Province.

The iron ore trading business has been operating since 1992 and sources iron ore, for shipment and use in the PRC, from major international iron ore producers in South Africa, Brazil and Australia, as well as from South East Asia, Thailand and Malaysia in particular. The majority of the Company's iron ore is sold to the large steel manufacturers in the PRC and, in the fiscal year ended 31 March 2009, Prosperity shipped 4.4 million tonnes of iron ore. This volume increased to 5.2 million tonnes in the six months ended 30 September 2009.

The PRC is the world's third largest economy (behind the US and Japan) and the largest producer and consumer of cement and the biggest buyer of iron ore.

***Clinker is a complex calcium alumino-silicate material produced by the calcinations of limestone and clays. It is then ground and mixed with gypsum to form cement or, more correctly, Portland Cement.*

APPENDIX I

The term "PMHL Remaining Group" means Prosperity and its subsidiaries after completion of the Disposal.

I. MANAGEMENT DISCUSSION AND ANALYSIS OF THE PMHL REMAINING GROUP FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

Financial review

During the six months ended 30 September 2009 (the "**Relevant Period**"), the PMHL Remaining Group recorded a turnover of approximately US$397,329,000, representing an increase of 41% from same period in the previous year, which was approximately US$281,670,000. The growth in turnover was mainly attributable to the 169% increase in the total tonnage of iron ore shipped by the PMHL Remaining Group to 5.2 million tonnes, from 2.0 million tonnes in the previous period. The PMHL Remaining Group's gross profit increased to approximately US$11,879,000 as a result of the recovery of the global seaborne iron ore market. Loss attributable to equity holders for the period was US$3,361,000 (30 September 2008: Profit of US$11,348,000).

As at 30 September 2009, the PMHL Remaining Group's gearing ratio calculated on the basis of bank and other borrowings of approximately US$15,750,000 (30 September 2008: US$18,988,000) over total assets of approximately US$99,250,000 (30 September 2008: US$114,514,000), was 16% (30 September 2008: 17%).

Business review

Iron ore trading remained the core business of the PMHL Remaining Group. The iron ore trading business performed well during the six months ended 30 September 2009, delivering a record 5.2 million tonnes in shipments. Overall, the PMHL Remaining Group iron ore trading business performed in line with management expectations during the period under review.

Supply from South East Asian countries reduced substantially as lower freight rates improved the economics for long haul shipments from Brazil, Australia and South Africa and the reduction gross of gross profit margins to 3% (30 September 2008: 5%) largely reflect lower spot prices. Lower demand for iron ore in western markets increased supply available to the PRC market while low spot prices for iron ore saw many PRC iron ore producers shut down production, increasing the reliance of steel mills on imported iron ore during the period under review.

The PMHL Remaining Group has 18 years' experience in iron ore trading that, combined with good relationships with raw materials suppliers and port operators, enables the iron ore trading team to provide a highly valuable service to both suppliers and customers. In particular, the PMHL Remaining Group provides support in the areas of logistics, financial solutions and technical support, as well as assisting customers to locate and acquire iron ore with the specifications they require.

The PMHL Remaining Group holds a 33.06% interest in Anhui Chaodong and Anhui Conch holds 16.2%. Anhui Chaodong is listed on the Shanghai Stock Exchange under listed code: 600318. Anhui Chaodong reported an attributable loss for the period of approximately US$7,860,000 (30 September 2008: attributable profit of US$88,000) largely due to poor cement prices in Eastern China, higher expenses incurred during the construction of new production facilities and additional funding costs.

Following on from the successful completion of the first new clinker production line in Anhui Chaodong with a designed saleable capacity of 1.8 million tonnes per year, finished in December 2008, cement grinding facilities of 2.2 million tonnes per year and the associated residual heat electricity generation units were commissioned in September 2009.

Liquidity and financial resources

As at 30 September 2009, the PHML Remaining Group's total cash balance was US$14,014,000 (31 March 2009: US$20,199,000) and total borrowings were US$ 15,750,000 (31 March 2009: US$ 21,522,000).

Gearing ratio as at 30 September 2009, calculated on the basis of total interest bearing debts divided by shareholder's equity, was 8% (31 March 2009: 11%).

Pledge of assets

As at 30 September 2009, 80,000,000 non-tradable ordinary shares of Anhui Chaodong were pledged to secure part of the bank loan of the Remaining Group.

Commitments

The PMHL Remaining Group entered into a raw materials supply contract with an iron ore supplier in July 2005, with duration of seven years. Pursuant to the contract, the purchase prices are re-negotiated periodically. At 30 September 2009, the PMHL Remaining Group had the purchase commitment of approximately US$183,806,000 in connection with the purchase of iron ore of 2,955,000 tonnes.

Finance cost

For the period ended 30 September 2009, finance costs increased to US$1,007,000 from US$ 981,000 for same period in 2008.

Contingent liabilities

At 30 September 2009, the PMHL Remaining Group did not have any significant contingent liabilities.

Employees and remuneration policies

The remuneration policy of the employees of the PMHL Remaining Group is to consult and discuss with the employees on matters likely to affect employee interests. This is accomplished through individual reviews and team briefings and, where appropriate, through fixed bonus and performance-related bonus payments and an employee share option scheme.

Future plans and prospects

Demand for iron ore is expected to continue to benefit from the PRC's Government RMB 4 trillion (US$585 billion) fiscal stimulus package announced in November 2008. Spot prices for iron ore, and ocean freight rates, have risen during the last two months, which has encouraged some domestic iron ore producers to resume operations. In the short term this will reduce the reliance of steel mills on imports. The PMHL Directors believe, however, that the medium to long term prospects for iron ore imports remain strong.

The Board of the Company has had considerable exposure to the real estate sector and is considering a possible expansion into PRC real estate development; an area which the Chairman and Chief Executive Officer of the PMHL Remaining Group, Mr. Wong, has considerable experience but where investment has previously been hampered by the capital intensive requirements of the PMHL Remaining Group's cement business. If real estate investment and development opportunities arise which the Directors consider will maximise shareholder wealth, the PMHL Remaining Group may apply a portion of the net proceeds from the disposal of the cement business to these investment areas. In this event, the PMHL Remaining Group will ensure that it has the appropriate expertise both at a management and Board level.

II. MANAGEMENT DISCUSSION AND ANALYSIS OF THE PMHL REMAINING GROUP FOR THE YEAR ENDED 31 MARCH 2009

Financial review

During the year, the PMHL Remaining Group recorded a turnover of approximately US$467,012,000, increased 38% from last year's approximately US$339,547,000. The growth in turnover was mainly attributable to the 22% increase in the total tonnage of iron ore shipped by the PMHL Remaining Group to 4.4 million tonnes from 3.6 million tonnes in the previous year. The PMHL Remaining Group's gross profit decreased to approximately US$24,475,000 as a result of the collapse in the global seaborne iron ore market. Profit attributable to equity holders for 2009 was US$9,430,000 (2008: US$12,375,000).

As at 31 March 2009, the PMHL Remaining Group's gearing ratio calculated on the basis of bank and other borrowings of approximately US$21,522,000 (31 March 2008: US$17,668,000) over total assets of approximately US$78,472,000 (31 March 2008: US$72,495,000), was 27% (31 March 2008: 24%).

Business review

Iron ore trading remained the core business of the PMHL Remaining Group. In 2009, the iron ore trading business performed well, delivering a record 4.4 million tonnes in shipments despite more difficult trading conditions in the second half. Indeed the strong sales performance mitigated, in part, the industry wide margin reduction which occurred as a result in the global recession.

As the global crisis and economic slowdown deepened, there was a corresponding and significant decrease in the global demand for steel and iron ore. Similarly, Chinese steel mills began de-stocking and many decreased their production. However, shipping rates also decreased substantially from their peak in mid 2008 and, from January 2009, iron ore imports into China recovered as steel mills took advantage of both lower freight rates and spot prices.

The PMHL Remaining Group maintained its prudent risk management policy, engaging only in back-to-back transactions and holding no inventory, and it remained profitable in the year in which many of its competitors incurred losses. The iron ore trading team was able to secure more tonnage and successfully secured a new long term supplier, a large international iron ore producer, and a further sizable steel mill as a new customer, also on a long term basis.

The PMHL Remaining Group holds a 33.06% interest in Anhui Chaodong and Anhui Conch holds 16.2%. Anhui Chaodong is listed on the Shanghai Stock Exchange under listed code: 600318. Anhui Chaodong reported an attributable loss of US$3.99 million (2008: attributable profit of US$1.2million) largely due to a non-cash provision in December 2008 on old fixed assets, as a result of closure of some old productions lines.

Construction of the first new clinker production line at Anhui Chaodong was completed within a budget and on schedule. The new 2.0 million tonnes per annum clinker production line was successfully commissioned on 28 December 2008 and has been subsequently running smoothly.

Liquidity and financial resources

As at 31 March 2009, the PMHL Remaining Group's total shareholder equity was approximately US$190,857,000 (31 March 2008: US$193,099,000).

Total bank and other borrowings as at 31 March 2009 were approximately US$21,522,000 (31 March 2008: US$17,668,000). This consisted of outstanding secured and unsecured loans from banks which are mainly denominated in US dollars. As a result, the PMHL Remaining Group's exposure to fluctuation in exchange rates is minimal.

As at 31 March 2009, the cash and bank balances of the PMHL Remaining Group were approximately US$21,304,000 (31 March 2008: US$24,065,000) as at 31 March 2009.

Pledge of assets

As at 31 March 2009, none of the assets of the PMHL Remaining Group had been pledged.

Purchase commitment

The PMHL Remaining Group entered into a raw materials supply contract with an iron ore supplier, with duration of seven years. Pursuant to the contract, the purchase prices are re-negotiated periodically. At 31 March 2009, the PMHL Remaining Group had the purchase commitment of approximately US$262,319,000 in connection with the purchase of iron ore of 4,380,000 tonnes.

Finance cost

For the year ended 31 March 2009, finance costs slightly decreased to US$1,697,000 from US$2,020,000 for the year ended 31 March 2008.

Contingent liabilities

At 31 March 2009, the PMHL Remaining Group did not have any significant contingent liabilities.

Significant investments

The PMHL Remaining Group holds a 33.06% interest in Anhui Chaodong and Anhui Conch holds 16.2%, the carrying value of which is approximately US$29,625,000.

Material acquisitions and disposals of subsidiaries and associated companies

There were no material acquisitions and disposals of subsidiaries and associated companies of the PMHL Remaining Group for the year ended 31 March 2009.

Employees and remuneration policies

The remuneration policy of the employees of the PMHL Remaining Group is to consult and discuss with the employees on matters likely to affect employee interests. This is accomplished through individual reviews and team briefings and, where appropriate, through fixed bonus and performance-related bonus payments and an employee share option scheme.

Future plans and prospects

The PRC government announced a RMB4 trillion (equivalent to $585 billion) fiscal stimulus package in November 2008 in response to the deepening global economic slowdown. However, the money is going "into the ground" and not into rescuing insolvent financial institutions. For example, some $450 billion is intended for investment in infrastructure, rural development and other fixed asset investment, and the majority of these projects were already at an advanced stage of planning. This means that the stimulus package has, and is expected to continue to have, a positive effect on domestic demand for both cement and steel. Iron ore imports to China have reached monthly records in early 2009 and it will able to increase the tonnage shipped in fiscal 2009/10.

The PMHL Remaining Group is well positioned to take advantage of growth in both the cement and iron ore markets in China.

III. MANAGEMENT DISCUSSION AND ANALYSIS OF THE PMHL REMAINING GROUP FOR THE YEAR ENDED 31 MARCH 2008

Financial review

During the year, the PMHL Remaining Group recorded a turnover of approximately US$339,547,000, up 64% from last year's approximately US$206,938,000. The growth in turnover was mainly attributable to the 11% increase in the total tonnage of iron ore shipped by the PMHL Remaining Group to 3.6 million tonnes from 3.3 million tonnes in the previous year. The PMHL Remaining Group's gross profit increased to approximately US$28,046,000 as a result of the initiation of a strategy to improve its margin by sourcing iron ore from geographically closer locations in South East Asia. Profit attributable to equity holders for 2008 was US$12,375,000 (2007: US$14,293,000).

As at 31 March 2008, the PMHL Remaining Group's gearing ratio calculated on the basis of bank and other borrowings of approximately US$17,668,000 (31 March 2007: US$5,000,000) over total assets of approximately US$72,495,000 (31 March 2007: US$74,908,000), was 24% (31 March 2007: 7%).

Business review

Iron ore trading remained the core business of the PMHL Remaining Group. In 2008, the iron ore trading business performed well, delivering a record 3.6 million tonnes in shipments, representing an 11% increase from last year.

The PMHL Remaining Group has 17 years' experience in trading of iron ore. The experience and good relationships with raw material suppliers and ports enable the iron ore trading team to provide an invaluable service to suppliers and customers.

The PMHL Remaining Group maintained its prudent risk management policy, engaging only in back-to-back transactions and holding no inventory, thus minimising the risk associated with this type of commodity trading. The iron ore is normally sourced from major international iron ore producers from South Africa and Brazil. More recently, the PMHL Remaining Group sought and located new sources of iron ore in South East Asian countries and subsequently has drawn increasing tonnage from there, in particular from Thailand and Malaysia. These countries are located much closer to the PRC, which will reduce the PMHL Remaining Group's cost. The first shipment from Thailand was completed in January 2006 and in current year, the PMHL Remaining Group shipped approximately 1.3 million tonnes from this and other South East Asian countries to China. The shorter freight distance for the iron ore also allows the PMHL Remaining Group to employ smaller handysize vessels of around 20,000 tonnes that can avoid the large congested ports for capesize vessels, so as to reduce the transportation costs.

In June 2007, the PMHL Remaining Group acquired a 40% interest in Anhui Chaodong, a company listed on the Shanghai Stock Exchange under listed code: 600318. Under the same share agreement, Anhui Conch acquired a 19.7% interest in Anhui Chaodong. The PMHL Remaining Group acquired the shares at RMB 2.48 per share and on 25 June 2008 the trading closed at RMB5.82 per share.

After a share restructure in July 2007, the PMHL Remaining Group holds a 33.06% fully tradable shares in Anhui Chaodong. The PMHL Remaining Group has conditionally undertaken not to sell the shares it acquired in Anhui Chaodong within three years of the date the shares were transferred to its ownership. Negative goodwill of US$1.2 million resulted.

Since the PMHL Remaining Group acquired its interest in Anhui Chaodong and took over management, Anhui Chaodong has been turned around from a loss making company to one that contributed US$1.2 million as share of profit of associate for the year.

Liquidity and financial resources

As at 31 March 2008, the PMHL Remaining Group's total shareholder equity was approximately US$193,099,000 (31 March 2007: US$200,947,000).

Total bank and other borrowings as at 31 March 2008 were approximately US$17,668,000 (31 March 2007: US$5,000,000). This consisted of outstanding secured and unsecured loans from banks which are mainly denominated in US dollars. As a result, the PMHL Remaining Group exposure to fluctuation in exchange rates is minimal.

As at 31 March 2008, the cash and bank balances of the PMHL Remaining Group were approximately US$24,065,000 (31 March 2007: US$37,449,000).

Pledge of assets

As at 31 March 2007, none of the assets of the PMHL Remaining Group had been pledged.

Capital expenditure

No material capital expenditure occurred during the year.

Purchase commitment

The PMHL Remaining Group entered into a raw materials supply contract with an iron ore supplier, with duration of seven years. Pursuant to the contract, the purchase prices are re-negotiated periodically. At 31 March 2008, the PMHL Remaining Group had the purchase commitment of approximately US$490,931,000 in connection with the purchase of iron ore.

Finance cost

For the year ended 31 March 2008, finance costs increased slightly to US$2,020,000 from US$1,326,000 for 2007, which is in line with the increase in bank borrowings.

Contingent liabilities

At 31 March 2008, the PMHL Remaining Group did not have any significant contingent liabilities.

Material acquisitions and disposals of subsidiaries and associated companies

In June 2007, the PMHL Remaining Group acquired a 40% interest in Anhui Chaodong, a company listed on the Shanghai Stock Exchange under listed code: 600318.

Employees and remuneration policies

The remuneration policy of the employees of the PMHL Remaining Group is to consult and discuss with the employees on matters likely to affect employee interests. This is accomplished through individual reviews and team briefings and, where appropriate, through fixed bonus and performance-related bonus payments and an employee share option scheme.

Future plans and prospects

Demand for both cement and iron ore in the PRC has remained strong in 2008. For the PMHL Remaining Group, operating issues include the effective management of rising product manufacturing costs, transportation and product pricing. However, our considerable experience has ensured good results in the first few months of the new fiscal year.

The first new clinker production line and two cement grinding facilities in Anhui Chaodong are were expected to be commissioned by the end of 2008, bringing the total designed saleable capacity of Anhui Chaodong to 4.8 million tonnes per annum. The second clinker production and cement grinding facilities in Anhui Chaodong were expected to be commissioned by the end of fiscal 2010 and would further increase the designed capacity of Anhui Chaodong to 7 million tonnes per annum. The PMHL Remaining Group is well positioned to take advantage of growth in both the cement and iron ore markets in China.

IV. MANAGEMENT DISCUSSION AND ANALYSIS OF THE PMHL REMAINING GROUP FOR THE YEAR ENDED 31 MARCH 2007

Financial review

During the year, the PMHL Remaining Group recorded a turnover of approximately US$206,938,000, down 9% from last year’s approximately US$226,444,000. The decrease in turnover was mainly attributable to the lower tonnage at 3.3 million tonnes. The PMHL Remaining Group’s gross profit decreased to approximately US$21,524,000 as a result of the difficult trading conditions during the period from July to September 2006. Profit attributable to equity holders for 2007 was US$14,293,000 (2006: US$33,568,000).

As at 31 March 2007, the PMHL Remaining Group's gearing ratio calculated on the basis of bank and other borrowings of approximately US$5,000,000 (31 March 2006: US$16,055,000) over total assets of approximately US$74,908,000 (31 March 2006: US$24,897,000), was 7% (31 March 2006: 64%)

Business review

Iron ore trading remained the core business of the PMHL Remaining Group. In 2007, the iron ore trading business encountered difficult trading conditions, delivering 3.3 million tonnes in shipments which represents a 6 % decrease from last year.

The PMHL Remaining Group experienced difficult trading conditions during the period from July to September 2006, due to the following factors.

Firstly, there was a significant and sudden increase in freight rates in July and August. On long distance shipments from Brazil or Australia to the PRC, freight is a significant part of the CIF cost of iron ore.

Secondly, the contract price for the iron ore year commencing 1 April 2006 was only agreed in late June 2006. Similarly, the 19% increase in the iron ore contract price was above the expected 10-15% range. This reduced the ability of the steel mills to absorb the impact of higher freight rates, as they were, by then, resistant to input price changes.

Thirdly, the PRC government's austerity measures, which were first introduced in 2004, have continued to develop and gather momentum in the year. This had led to the rationalisation of a number of sectors including steel and will, ultimately, favour the large and more efficient steel mills, which are the PMHL Remaining Group's main customers. However, this has led to a surge in domestic steel supply in 2006, which negatively impacted steel prices and the spot price for iron ore during that time. Lastly, the unusually severe weather during the summer of 2006 adversely affected the construction industry.

The PMHL Remaining Group maintained its prudent risk management policy, engaging only in back-to-back transactions and holding no inventory, thus minimising the risk associated with this type of commodity trading. The iron ore is normally sourced from major international iron ore producers from South Africa and Brazil. The PMHL Remaining Group has been actively investigating opportunities for sourcing iron ore in South East Asian countries. There countries are located much closer to the PRC, which would reduce the PMHL Remaining Group's cost.

Liquidity and financial resources

As at 31 March 2007, the PMHL Remaining Group's total shareholder equity was approximately US$200,947,000 (31 March 2006: US$4,934,000).

Total bank and other borrowings as at 31 March 2007 were approximately US$5,000,000 (31 March 2006: US$16,055,000). This consisted of outstanding secured and unsecured loans from banks which are mainly denominated in US dollars. As a result, the PMHL Remaining Group exposure to fluctuation in exchange rates is minimal.

As at 31 March 2007, the cash and bank balances of the PMHL Remaining Group were approximately US$37,449,000 (31st March 2006: US$4,633,000).

Pledged assets

As at 31 March 2007, none of the assets of the PMHL Remaining Group had been pledged.

Capital expenditure

No material capital expenditure is occurred during the year.

Purchase commitment

The PMHL Remaining Group entered into a raw materials supply contract with an iron ore supplier, with duration of seven years. Pursuant to the contract, the purchase prices are re-negotiated periodically. At 31 March 2007, the PMHL Remaining Group had the purchase commitment of approximately US$358,864,000 in connection with the purchase of iron ore.

Financial costs

For the year ended 31 March 2007, finance costs slightly decreased to US$1,326,000 from US$1,834,000 for 2006.

Contingent liabilities

At 31 March 2007, the PMHL Remaining Group did not have any significant contingent liabilities.

Material acquisitions and disposals of subsidiaries and associated companies

There were no material acquisitions and disposals of subsidiaries and associated companies of the PMHL Remaining Group for the year ended 31 March 2007.

Employees and remuneration policies

The remuneration policy of the employees of the PMHL Remaining Group is to consult and discuss with the employees on matters likely to affect employee interests. This is accomplished through individual reviews and team briefings and, where appropriate, through fixed bonus and performance-related bonus payments and an employee share option scheme.

Future plans and prospects

The PMHL Remaining Group serves one market, the PRC, which is the world's fourth largest economy. It is also the largest consumer of iron ore. The nation's GDP is also growing at a double digit rate and although this may slow moderately from current levels due to the PRC Government's fiscal and monetary policy, it is still expected to remain robust.

It is also noteworthy that the PRC will host the 2008 Olympic Games, 2010 Asian Games, and 2010 EXPO, amongst others. These events will be significant for the domestic economy and as an international showcase for the PRC.

From the PMHL Remaining Group's level, the amount of iron ore imported from Thailand and other South East Asian countries is expected to increase significantly during fiscal 2008.

APPENDIX II

PROPERTY VALUATION REPORT IN RESPECT OF THE TARGET COMPANY

The following is the texts of letter, summary of valuation and valuation certificates, prepared for the purpose of incorporation in the PIHL circular in relation to the Disposal dated 1st February 2010, received from Vigers Appraisal & Consulting Limited, an independent property valuer, in connection with their valuation as at 30th November 2009 for the property interests held by the Target Group in the People's Republic of China.

Vigers Appraisal & Consulting Limited
International Property Consultants

10th Floor, The Grande Building
398 Kwun Tong Road
Kowloon
Hong Kong

1st February 2010

The Directors
Prosperity International Holdings (H.K.) Limited
Suites 1801 - 6
Tower 2
The Gateway
25 Canton Road
Tsim Sha Tsui
Kowloon
Hong Kong

Dear Sirs,

In accordance with your instructions for us to value the property interests held by Upper Value Investments Limited (the "Target Company") and its subsidiaries (excluding Anhui Chaodong Cement Co., Ltd., Prosperity Minerals Investment Limited and Prosperity Minerals Management Ltd.) (together referred to as the "Target Group") in the People's Republic of China ("the PRC"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of such property interests as at the 30th November, 2009 ("date of valuation") for the purpose of incorporation into the circular issued by the Company on the date hereof.

Our valuation is our opinion of the market value of the property interest where we would define market value as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

In valuing the property interest No. 1 in Group I, which is held by the Target Group in the PRC, direct comparison approach is adopted with reference to comparable transactions in the open market and on the basis of vacant possession.

In valuing the property interest No. 2 in Group I and Nos. 3 to 5 in Group II, which are held by the Target Group in the PRC, we have adopted a combination of the market and depreciated replacement cost approach in assessing the land portion of the properties and the buildings and structures standing on the land respectively. Hence, the sum of the two results represents the market value of the properties as a whole. In the valuation of the land portion, reference has been made to the standard land prices in Yingde, Liaoyang, Chongqing and Guangan Cities and the sales evidence as available to us in the localities. As the nature of the buildings and structures cannot be valued on the basis of market value, they have therefore been valued on the basis of their depreciated replacement costs. The depreciated replacement cost approach considers the current cost of replacement (reproduction) of the buildings and improvements less deductions for physical deterioration and all relevant forms of obsolescence and optimisation. The depreciated replacement cost approach generally furnishes the most reliable indication of value for property in the absence of a known market based on comparables sales. The approach is subject to adequate potential profitability of the business.

In valuing the property interest No. 6 in Group III, direct comparison is adopted, reference has been made to the standard land price in Anshun City and the sales evidence as available to us in the locality.

Our valuation has been made on the assumption that the owner sells the property interests on the open market in its existing state without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to increase the value of the property interests. In addition, no forced sale situation in any manner is assumed in our valuation.

We have not caused title searches to be made for the property interests at the relevant government bureaus in the PRC. We have been provided with certain extracts of title documents relating to the property interests in the PRC. However, we have not inspected the original documents to verify the ownership, encumbrances or the existence of any subsequent amendments which may not appear on the copies handed to us. In undertaking our valuation for the property interests in the PRC, we have relied on the legal opinion ("the PRC legal opinion") provided by the Target Company's PRC legal adviser, Sino-West Law Associates.

We have relied to a considerable extent on information provided by the Target Group and have accepted advice given to us by the Target Group on such matters as planning approvals or statutory notices, easements, tenure, occupancy, lettings, site and floor areas and in the identification of the properties and other relevant matter. We have also been advised by the Target Group that no material facts had been concealed or omitted in the information provided to us. All documents have been used for reference only.

All dimensions, measurements and areas included in the valuation certificates are based on information contained in the documents provided to us by the Target Group and are approximations only. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out a structural survey nor have we inspected woodwork or other parts of the structures which are covered, unexposed or inaccessible and we are therefore unable to report that any such parts of the properties are free from defect. No tests were carried out on any of the services.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property interests nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

Our valuation is prepared in accordance with the HKIS Valuation Standards on Properties (First Edition 2005) published by The Hong Kong Institute of Surveyors (HKIS) and the requirements set out in Chapter 5 and Practice Note 12 to the Rule Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited.

Unless otherwise stated, all money amounts stated are in Renminbi (RMB) The exchange rate adopted in valuing the property interests in the PRC as at 30th November 2009 was HK$ 1 : RMB 0.88. There has been no significant fluctuation in the exchange rate for this currency against Hong Kong Dollars between that date and the date of this letter.

We enclose herewith a summary of valuation and the valuation certificates.

Yours faithfully,
For and on behalf of
Vigers Appraisal & Consulting Limited
Raymond Ho Kai Kwong
Registered Professional Surveyor (GP)
MRICS MHKIS MSc(e-com)
Managing Director

Note : Mr. Raymond Ho Kai Kwong, Chartered Surveyor, MRICS MHKIS MSc(e-com), has over twenty three years' experience in undertaking valuations of properties in Hong Kong and has over sixteen years' experience in valuations of properties in the PRC, Taiwan, Macau and the Asia-Pacific region. Raymond joined Vigers in 1989.

SUMMARY OF VALUATION

Group I – Property interests held by the Target Group for self-occupation in the PRC

	Property	Market Value in existing state as at 30th November 2009	Interest attributable to the Target Group	Market Value in existing state attributable to the Target Group as at 30th November 2009
1.	Units 1801, 1802, 1901 and 1902, Jia Lian Hua Ming Zuo, Xiacheng District, Hangzhou City, Zhejiang Province, the PRC	RMB25,000,000 (equivalent to approximately HK$28,410,000)	100%	RMB25,000,000 (equivalent to approximately HK$28,410,000)
2.	*The lands and buildings, Longweishan, Wangbu Town, Yingde City, Guangdong Province, the PRC*	RMB604,200,000 (equivalent to approximately HK$686,600,000)	100%	RMB604,200,000 (equivalent to approximately HK$686,600,000)
	Sub-total	**RMB629,200,000 (equivalent to approximately HK$715,010,000)**		**RMB629,200,000 (equivalent to approximately HK$715,010,000)**

SUMMARY OF VALUATION

Group II – Property interests held by the Target Group under development in the PRC

	Property	Market Value in existing state as at 30th November 2009	Interest to be attributable to the Target Group	Market Value in existing state to be attributable to the Target Group as at 30th November 2009
3.	*Two construction sites located at Dongdayao Village, Xidayao Town, Dengta City, Liaoyang City, Liaoning Province, the PRC*	RMB165,500,000 (equivalent to approximately HK$188,100,000)	75%	RMB124,100,000 (equivalent to approximately HK$141,000,000)
4.	*Two land parcels located at Jianliang Village, Yanjin Town, Hechuan District, Chongqing City, the PRC*	RMB221,300,000 (equivalent to approximately HK$251,500,000)	100%	RMB221,300,000 (equivalent to approximately HK$251,500,000)
5.	A land parcel located at Qianfeng Industrial Centralized Area, Guangan City, Sichuan Province, the PRC	RMB47,400,000 (equivalent to approximately HK$53,860,000)	100%	RMB47,400,000 (equivalent to approximately HK$53,860,000)
	Sub-total	**RMB434,200,000 (equivalent to approximately HK$493,460,000)**		**RMB392,800,000 (equivalent to approximately HK$446,360,000)**

SUMMARY OF VALUATION

Group III –Property interest contracted to be held by the Target Group for future development in the PRC

	Property	Market Value in existing state as at 30th November 2009	Interest to be Attributable to the Target Group	Market Value in existing state to be attributable to the Target Group as at 30th November 2009
6.	The land, Matian Village, Chengguan Town, Pingba County, Anshun City, Guizhou Province, the PRC	No commercial Value	100%	Nil
	Grand-total	**RMB1,063,400,000 (equivalent to approximately HK$1,208,470,000)**		**RMB1,022,000,00] (equivalent to approximately HK$1,161,370,000)**

VALUATION CERTIFICATE

Group I – Property interests held by the Target Group for self-occupation in the PRC

	Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 30th November 2009
1.	Units 1801, 1802, 1901 and 1902, Jia Lian Hua Ming Zuo, Xiacheng District, Hangzhou City, Zhejiang Province, the PRC	The property comprises 4 units on Levels 18 and 19 of a 26-storey office building (excluding of a 2-storey basement) completed in about 2008. The total gross floor area of the property is approximately 1,190.06 sq.m. The land use rights of the property were granted for a term expiring on 4th September 2047 for composite (office) uses.	The property at present is occupied by Prosperity Minerals (China) Limited Hangzhou Representative Office for office use.	RMB25,000,000 (equivalent to approximately HK$28,410,000) **Interest to be attributable to the Target Group** 100% **Market Value in existing state to be attributable to the Target Group as at 30th November 2009** RMB25,000,000 (equivalent to approximately HK$28,410,000)

Notes:

1. Pursuant to four Commodity Property Sales and Purchases Agreements all dated 13th December 2007 entered into between Hangzhou Haihua Real Estate Company Limited (the "Vendor") and Prosperity Minerals (China) Limited Hangzhou Representative Office (the "Purchaser") (Document Nos.: 2007 Yu 938910, 938911, 938913 and 938914), the property with a total gross floor area of approximately 1,190.06 sq.m. were transferred from the Vendor to the Purchaser at a total consideration of RMB 19,789,830.

2. Pursuant to four State-owned Land Use Rights Certificates (Document Nos.: Hang Xia Guo Yong (2009) Nos. 006042, 006043, 006054 and 006055), the land use rights of the property were granted to Prosperity Minerals (China) Limited Hangzhou Representative Office for a term expiring on 4th September 2047 for composite (office) use.

3. Pursuant to four Building Ownership Certificates (Hang Fang Quan Zheng Xia Yi Zi Nos. 09660539, 09660553, 09660554 and 09660548), the ownership of the property with a total gross floor area of approximately 1,190.06 sq.m. is vested in Prosperity Minerals (China) Limited Hangzhou Representative Office, the particulars is as follows:

Property	**Approximate Gross Floor Area** *(sq.m.)*	**Building Ownership Certificate** *(Document No.)*
1801	326.58	Hang Fang Quan Zheng Xia Yi Zi No. 09660539
1802	268.45	Hang Fang Quan Zheng Xia Yi Zi No. 09660554
1901	326.58	Hang Fang Quan Zheng Xia Yi Zi No. 09660553
1902	268.45	Hang Fang Quan Zheng Xia Yi Zi No. 09660548
Total	**1,190.06**	

4. According to the information provided, Prosperity Minerals (China) Limited is a direct wholly-owned subsidiary of the Target Company and Prosperity Minerals (China) Limited Hangzhou Representative Office is the representative office of Prosperity Minerals (China) Limited in Hangzhou City, the PRC.

5. We have been provided with a legal opinion on the property prepared by the Target Group's PRC legal adviser, Sino-West Law Associates, which contains, inter alia, the following information:

   (a) The current registered owner of the property is Prosperity Minerals (China) Limited Hangzhou Representative Office, which is entitled to transfer, lease and mortgage the property in the market; and

   (b) The property is free from any mortgages, charges and other legal encumbrances which may cause adverse effects on the ownership of the property.

VALUATION CERTIFICATE

	Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 30th November 2009
2.	The lands and buildings, Longweishan, Wangbu Town, Yingde City, Guangdong Province, the PRC	The property comprises two parcels of land together with various single to 5-storey buildings and structures completed in between 1994 and 2008 erected thereon. The total site area and total gross floor area of the property are approximately 1,677,414.29 sq.m. and 84,151.86 sq.m. respectively. The land use rights of the property were granted for a term expiring on 28th December 2053 for industrial use.	The property at present is occupied by Yingde Dragon Mountain Cement Co., Ltd. as cement plant and ancillary uses.	RMB604,200,000 (equivalent to approximately HK$686,600,000) **Interest to be attributable to the Target Group** 100% **Market Value in existing state to be attributable to the Target Group as at 30th November 2009** RMB604,200,000 (equivalent to approximately HK$686,600,000)

Notes:

1. Pursuant to 2 State-owned Land Use Rights Certificates (Document Nos.: Ying De Guo Yong (2006) No. 2003 and 2004), the land use rights of the property with a total site area of approximately 1,677,414.29 sq.m. were granted to Yingde Dragon Mountain Cement Co., Ltd. for a term of 50 years expiring on 28th December 2053 for industrial use.

2. Pursuant to 22 Real Estate Ownership Certificates, the ownership of various single to 5-storey buildings completed in between 1994 and 2008 with a total gross floor area of approximately 34,687.29 sq.m. is vested in Yingde Dragon Mountain Cement Co., Ltd.

3. According to the information provided by the Target Group, various multi-storey buildings with a total gross floor area of approximately 49,464.57 sq.m.

completed in between 1994 and 2007 erected thereon without Real Estate Ownership Certificates.

4. We have ascribed no commercial value to the building portion stated in Note 3 due to the absence of the relevant Real Estate Ownership Certificates, hence it is not freely transferable in the market. However, for indicative purpose, the depreciated replacement cost of these buildings as at the date of valuation is RMB21,900,000 (equivalent to approximately HK$24,900,000) assuming it has obtained the Real Estate Ownership Certificates and it is entitled to be transferred, leased and mortgaged in the market.

5. According to the information provided by the Target Group, Yingde Dragon Mountain Cement Co., Ltd. is an indirect wholly-owned subsidiary of the Target Company.

6. We have been provided with a legal opinion on the property prepared by the Target Group's PRC legal adviser, Sino-West Law Associates, which contains, inter alia, the following information:

   (a) According to the State-owned Land Use Rights Certificates mentioned in Note 1, the land use rights of the property were granted to Yingde Dragon Mountain Cement Co., Ltd, which is entitled to be transferred, leased and mortgaged the land use rights of the property in the market;

   (b) According to the Real Estate Ownership Certificates mentioned in Note 2, the ownership of 21 buildings with a total gross floor area of approximately 34,687.29 sq.m. is vested in Yingde Dragon Mountain Cement Co., Ltd, which is entitled to transfer, lease and mortgage these 21 buildings of the property in the market;

   (c) The building portion stated in Note 3 has not obtained the relevant Real Estate Ownership Certificates, which is entitled to be occupied but not entitled to be transferred, leased and mortgaged in the market;

   (d) A parcel of land under the State-owned Land Use Rights Certificate (Document No.: Ying De Guo Yong (2006) No. 2003) is subject to a mortgage in favour of China Construction Bank Corporation (Qingyuan Branch) at a loan of RMB240,000,000 for a term commencing on 30th March 2009 and expiring on 19th September 2012 vide a memorial no. Ying Fu Ta Xiang (2009) No. 29;

   (e) The remaining land use rights of the property under the State-owned Land Use Rights Certificate (Document No.: Ying De Guo Yong (2006) No. 2004) stated in Note 2 is free from any mortgages, charges and other legal encumbrances which may cause adverse effects on the ownership of the property; and

   (f) The legal encumbrance status of the buildings stated in Note 3 cannot be ascertained

VALUATION CERTIFICATE

Group II – Property interests held by the Target Group under development in the PRC

	Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 30th November 2009
3.	Two construction sites located at Dongdayao Village, Xidayao Town, Dengta City, Liaoyang City, Liaoning Province, the PRC	The property comprises two parcels of land together with various construction in progress estimated to be completed in late 2009. The total site area of the property is approximately 11,130 sq.m. The land use rights of the property were granted for a term expiring on 29th December 2056 for industrial use.	The property at present is under construction.	RMB165,500,000 (equivalent to approximately HK188,100,000) **Interest to be attributable to the Target Group** 75% **Market Value in existing state to be attributable to the Target Group as at 30th November 2009** RMB124,100,000 (equivalent to approximately HK$141,000,000)

Notes:

1. According to two State-owned Land Use Rights Certificates (Document Nos.: Deng Guo Yong (2008) No. 2204020001 and Deng Guo Yong (2009) No. 2204020002), the land use rights of the property with a total site area of approximately 311,130 sq.m. were granted to Liaoning Changqing Cement Co., Ltd. for a term expiring on 29th December 2056 for industrial use. The particulars is as follows:

No.	Approximate Site Area *(sq.m.)*	Use	Tenure Expiry Date	State-owned Land Use Rights Certificates *(Document No.)*
1	211,809	Industrial	29th December 2056	Deng Guo Yong (2008) No. 2204020001
2	99,321	Industrial	29th December	Deng Guo Yong (2009) No.

			2056	2204020002
Total	**311,130**			

2. Pursuant to a State-owned Land Use Rights Grant Contract (Document No.: 2110812008B0060) entered into between the State-owned Land Resources Bureau of Dengta City, Liaoning Province, the PRC (Party A) and Liaoning Changqing Cement Co., Ltd. (Party B) dated 27th December 2008, the land use rights of one of the land parcel of the property with a site area of approximately 99,321 sq.m. were granted from Party A to Party B for a term of 48.53 years commencing from 27th December 2008 at a consideration of RMB 14,302,224 for industrial use.

3. Pursuant to five Construction Land Planning Permits (Document Nos.: Di Zi Nos. 211081200801013, 211081200801020, 211081200801021, 211081200901032, 211081200901033 and No. 2006-80), the permission on the planning of the land parcels of the property were obtained.

4. According to a Construction Work Planning Permit (Document No.: Jian Zi No. 211081200901016), the construction work with a total estimated gross floor area of approximately 23,345.3 sq.m. was permitted.

5. According to a Construction Work Commencement Permit (Document No.: 21102220090428), the construction work of the property with a total estimated gross floor area of approximately 23,345.3 sq.m. was permitted.

6. According to the information provided by the Target Group, the total development cost (including construction cost) of the property is RMB205,107,300 and the outstanding cost to be incurred as at the date of valuation is RMB74,107,300. The property is estimated to be completed in March 2010.

7. According to the information provided, Liaoning Changqing Cement Co., Ltd. is an indirect 75%-owned subsidiary of the Target Company.

8. Based on the existing development information provided and the estimated development cost to be incurred stated in Note 6, the estimated capital value of the property after completion is RMB 216,800,000 (equivalent to approximately HK$ 246,360,000).

9. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, Sino-West Law Associates, which contains, inter alia, the following information:

   (a) According to the State-owned Land Use Rights Certificates stated in Note 1, the land use rights of the property were granted to Liaoning Changqing Cement Co., Ltd., which is entitled to transfer, lease and mortgage the land use rights of the property in the market; and

   (b) The property is subject to a mortgage in favour of China Merchants Bank Co., Ltd. (Dalian Development Zone Branch) and China Investment Insurance Company Limited commencing on 22nd September 2009 and expiring on 21st September 2014 vide memorial nos. Deng Ta Xiang (2009) Nos. 43 and 44.

VALUATION CERTIFICATE

	Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 30th November 2009
4.	Two land parcels located at Jianliang Village, Yanjin Town, Hechuan District, Chongqing City, the PRC	The property comprises two parcel of land together with construction in progress erected thereon. The total site area of the property is approximately 611,736 sq.m. The land use rights of the property were granted for a term expiring in 2059 for industrial use.	At present, the property is under construction.	RMB221,300,000 (equivalent to approximately HK$251,500,000) **Interest to be attributable to the Target Group** 100% **Market Value in existing state to be attributable to the Target Group as at 30th November 2009** RMB221,300,000 (equivalent to approximately HK$251,500,000)

Notes:

1. According to a State-owned Land Use Rights Grant Contract (Document No.: Yu Di (2009) (He Chuan) Di No. 005) entered into between the State-owned Land Resources and Housing Bureau of Hechuan District of Chongqing City (Party A) and Chongqing Changxing Cement Co., Ltd. (Party B) dated 5th March 2009, the land use rights of one of the land parcel of the property with a site area of approximately 587,501 sq.m. were granted from Party A to Party B for a term of 50 years for industrial use at a consideration of RMB 155,023,595.

2. Pursuant to a Real Estate Ownership Certificate (Document No.: 204 Fang Di Zheng (2009) Zi Di No. 09654), the land use rights of one of the land parcel of the property with a site area of approximately 587,501 sq.m. were granted to Chongqing Changxing Cement Co., Ltd. for a term expiring in 2059 for industrial use.

3. According to a State-owned Land Use Rights Grant Contract (Document No.: Yu Di (2009) (He Chuan) No. 049) entered into between the State-owned Land Resources and Housing Bureau of Hechuan District of Chongqing City (Party A) and Chongqing Changxing Cement Co., Ltd. (Party B) dated 28th September 2009, the land use rights of one of the land parcel of the property with a site area of approximately 24,235 sq.m. were granted from Party A to Party B for a term of 50 years commencing in September 2009 for industrial use at a consideration of RMB 2,908,200.

4. Pursuant to a Real Estate Ownership Certificate (Document No.: 204 Fang Di Zheng 2009 Zi No. 17400), the land use rights of the property with a site area of approximately 24,235 sq.m. were granted to Chongqing Changxing Cement Co., Ltd. for a term expiring in 2059 for industrial use.

5. According to the information provided by the Target Group, the total development cost (including construction cost) to complete the development of the property is RMB199,424,741.05 and the outstanding cost as at the date of valuation is RMB143,159,859.59, the property will be completed in June 2010.

6. Based on the existing development information provided and the estimated development cost to be incurred stated in Note 5, the estimated capital value of the property after completion is RMB 374,400,000 (equivalent to approximately HK$ 425,450,000).

7. According to the information provided, Chongqing Changxing Cement Co., Ltd.. is an indirect wholly-owned subsidiary of the Target Company.

8. We have been provided with a legal opinion on the property prepared by the Target Group's PRC legal adviser, Sino-West Law Associates, which contains, inter alia, the following information:

   (a) According to the Real Estate Ownership Certificates stated in Notes 2 and 4, the land use rights of the property were granted to Chongqing Changxing Cement Co., Ltd, which is entitled to be transferred, leased and mortgaged in the market; and

   (b) The property is free from any mortgages, charges and other legal encumbrances which may cause adverse effects on the ownership of the property.

VALUATION CERTIFICATE

	Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 30th November 2009
5.	A land parcel located at Qianfeng Industrial Centralized Area, Guangan City, Sichuan Province, the PRC	The property comprises a parcel of land with a site area of approximately 395,261.59 sq.m. The property is planned to be developed into an industrial complex with an estimated total gross floor area of approximately 225,000 sq.m., the estimated completion date is 31st December 2010. The land use rights of the property were granted for a term expiring on 5th August 2059 for industrial use.	The property at present is under construction.	RMB47,400,000 (equivalent to approximately HK$53,860,000) **Interest to be attributable to the Target Group** 100% **Market Value in existing state to be attributable to the Target Group as at 30th November 2009** RMB47,400,000 (equivalent to approximately HK$53,860,000)

Notes:

1. According to a State-owned Land Use Rights Certificate (Document No.: Qian Feng Guo Yong (2009) No. 01683) dated 5th August 2009, the land use rights of the property with a site area of approximately 395,261.59 sq.m. were granted to Guangan Changxing Cement Co., Ltd. for a term of 50 years expiring on 5th August 2059 for industrial use.

2. According to a State-owned Land Use Rights Grant Contract (Document No.: 1505-2009-32) entered into between the Guangan Branch of State-owned Land Resources Bureau of Guangan City, Sichuan Province (Party A) and Guangan Changxing Cement Co., Ltd. (Party B) dated 3rd December 2009, the land use rights of the property with a site area of approximately 395,262 sq.m. were

granted from Party A to Party B for a term of 50 years commencing on the date of the handover of the land parcel at a consideration of RMB 47,408,000 for industrial use.

3. According to the Construction Land Planning Permit (Document No.: Di Zi No. Guang Qu (2009) No. 89), the land parcel of the property with a site area of approximately 395,262.16 sq.m. were permitted to develop for industrial and ancillary purposes.

4. Pursuant to the Construction Work Planning Permit (Document No.: Jian Zi No. Guang Qu (2009) No. 112), the estimated total gross floor area of the property is approximately 225,000 sq.m.

5. According to the Construction Work Commencement Permit (Document No.: 512925200908030101), the estimated completion date of the development on the property is 31st December 2010.

6. According to the information provided, Guangan Changxing Cement Co., Ltd. is an indirect wholly-owned subsidiary of the Company.

7. According to the information provided by the Group, the total development cost (including construction cost) of the property is RMB150,000,000 and no construction cost has been incurred as at the date of valuation.

8. Based on the existing development information provided and the estimated development cost to be incurred stated in Note 7, the estimated capital value of the property after completion is RMB197,400,000 (equivalent to approximately HK$224,320,000).

9. We have been provided with a legal opinion on the property prepared by the Target Group's PRC legal adviser, Sino-West Law Associates, which contain, inter alia, the following information:

   (a) According to the State-owned Land Use Rights Certificate stated in Note 1, the land use rights of the property were granted to Guangan Changxing Cement Co., Ltd., which is entitled to be transferred, leased and mortgaged in the market; and

   (b) The property is free from any mortgages, charges and other legal encumbrances which may cause adverse effects on the ownership of the property.

VALUATION CERTIFICATE

Group III – Property interest contracted to be held by the Target Group for future development in the PRC

	Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 30th November 2009
6.	The land, Matian Village, Chengguan Town, Pingba County, Anshun City, Guizhou Province, the PRC	The property comprises a parcel of land with a site area of approximately 772 Mou (equivalent to approximately 514,669.24 sq.m.)	The property at present is under levelling and the infrastructures are under installation.	No commercial value

Notes:

1. According to a letter issued by the People's Government of Pingba County dated 6th November 2009, the land use rights of the property with a total site area of approximately 772 Mou (equivalent to approximately 514,669.24 sq.m.) will be granted subject to the permission by the Provincial Government, the permission is estimated to be obtained at the end of 2009. As advised by the Target Company, the permission is expected to be obtained in March 2010.

2. According to an Investment Agreement and its Supplementary Agreement both entered into between the People's Government of Pingba County (Party A) and Prosperity Minerals Holdings Limited (Party B) dated 8th April 2008 and 9th April 2008 respectively, the land use rights of the property with a site area of approximately 700 Mou (equivalent to approximately 466,669 sq.m.) was agreed to be granted by Party A to Party B at a consideration of RMB 36,000 per Mou to facilitate a proposed cement investment project of Party B subject to the Investment Agreement. Furthermore, Party A would assist Party B to obtain the relevant permissions and title documents of the land parcel of the property. Guizhou Anshun Changzing Cement Co. Ltd. was then established by Party B as the legal successor of the rights and obligations of Party B under the Investment Agreement.

3. As advised by the Target Group, the total land premium of the property with a site area of approximately 772 Mou (equivalent to approximately 514,669.24 sq.m.) is RMB 40,200,000, in which, RMB 25,200,000 was settled. The remaining land premium of RMB 15,000,000 have to be settled to the People's Government of Pingba County when the land resumption work on the land parcel of the property has been completed and the application has been submitted to the provincial Government.

4. According to a Construction Work Commencement Permit (Document No.: An 192 No. 522526200902095401) dated 9th February 2009, the construction work to be commenced on the property was permitted.

5. We have ascribed no commercial value to the property because the land use rights of the property has not been granted and has not been guaranteed to be granted to the Target Group. However, for indicative purpose, the market value of the property in existing state (the levelling and the installation of facilitation works have not been completed) as at the date of valuation is RMB39,700,000 (equivalent to approximately HK$45,100,000) assuming the property has obtained the relevant State-owned Land Use Rights Certificate and is entitled to be transferred, leased and mortgaged in the market.

6. According to the information provided, Guizhou Anshun Changxing Cement Co., Ltd. is an indirect wholly-owned subsidiary of the Target Company.

7. We have been provided with a legal opinion on the property prepared by the Target Group's PRC legal adviser, Sino-West Law Associates, which contains, inter alia, the following information:

(a) The property has not obtained the land use rights certificates and no State-owned Land Use Rights Grant Contract was signed, thus the property is not entitled to be transferred, leased and mortgaged in the market; and

(b) The legal encumbrance status of the property cannot be ascertained.