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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)

**MAJOR AND CONNECTED TRANSACTION
IN RELATION TO THE ACQUISITION OF
PROPERTY INTERESTS IN GUANGZHOU CITY, THE PRC
AND
CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO THE
IRON-ORE MASTER OFF-TAKE AGREEMENT
AND
MAJOR TRANSACTION
IN RELATION TO THE SHARE BUYBACK OF
PROSPERITY MINERALS HOLDINGS LIMITED**

GUANGZHOU PROPERTIES ACQUISITION

On 31 May 2010, Pro-Rise, Cheong Sing and Splendid City entered into the Guangzhou Properties Agreement pursuant to which Pro-Rise has conditionally agreed to purchase the entire issued share capital of, and the outstanding loan in, Bliss Hero HK from Splendid City and Cheong Sing.

Bliss Hero HK owns the entire equity interests in Bliss Hero GZ, a wholly foreign-owned enterprise established under the laws of the PRC. Bliss Hero GZ owns and manages approximately 11,472 square metres of office and commercial space in a property development known as SilverBay Plaza in Guangzhou City, Guangdong Province, the PRC. Bliss Hero GZ also holds a 55% interest in Fuchun Dongfang, a limited liability company established under the laws of the PRC and the owner of the land use rights in respect of two land parcels situated at Datang Street Section, Wende Road North, Wenming Road Northward and Wende Road Eastward with an aggregate site area of 13,814 square metres. A development project, known as Dongfang Wende Plaza, is currently under construction on this site. The Dongfang Wende Plaza development comprises a 4-floor shopping arcade with 4 basement floors (one of which is to be part of the shopping arcade and the other 3 will form a car park) on top of which will be constructed 3 buildings with 35 floors, one building with 29 floors and one building with 25 floors. It is expected to have an aggregate floor area of approximately 164,307 square metres.

The consideration for the Guangzhou Properties Acquisition is the sum of (i) the consideration payable for the assignment of the Bliss Hero's Loan; and (ii) the net asset value (after deducting minority interests) of Bliss Hero HK as at 31 March 2010 after taking into consideration a property revaluation to be carried out as at 31 March 2010 by an independent property valuer to be appointed by the Company and PMHL.

Pro-Rise is an indirect 53.89%-owned subsidiary of the Company. Mr. Wong Ben Koon, Chairman of both the Company and PMHL and an executive Director, and his associates are together interested in 30% or more of the issued share capital of Splendid City and Cheong Sing and hence each of Splendid City and Cheong Sing is regarded as a connected person of the Company. Therefore, the Guangzhou Properties Acquisition constitutes a connected transaction for the Company.

Although the exact amount of the Guangzhou Properties Consideration payable has yet to be determined, based on the total amount of the Bliss Hero's Loan of approximately HK\$425.9 million as at 31 December 2009 and the net asset value (after deducing minority interests) of Bliss Hero HK of approximately HK\$447.3 million as at 31 December 2009, the applicable Percentage Ratios for the Guangzhou Properties Acquisition are more than 2.5%, the Guangzhou Properties Acquisition is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the HK Listing Rules. In addition, as the applicable Percentage Ratios for the Guangzhou Properties Acquisition are more than 25% but less than 100%, the Guangzhou Properties Acquisition constitutes a major transaction for the Company and is subject to the notification, publication and shareholders' approval requirements under Chapter 14 of the HK Listing Rules.

MASTER OFF-TAKE AGREEMENT

On 31 May 2010, Prosperity Macao, an indirect wholly-owned subsidiary of PMHL, had entered into iron ore Master Off-take Agreement with Grace Wise pursuant to which Grace Wise agreed to sell to Prosperity Macao, for loading at a Malaysian sea port, iron ore at a price per tonne following the prevailing market price in similar locations.

The iron ore will be delivered during the Off-take Period between 1 May 2010 and 31 March 2013. The Master Off-take Agreement prescribes the maximum value of US\$1,555 million (approximately HK\$12,129 million) of the transactions between Prosperity Macao and Grace Wise during the Off-take Period. Under the Master Off-take Agreement, Grace Wise has no obligation to sell iron ore to Prosperity Macao nor is Prosperity Macao required to purchase iron ore from Grace Wise. However, whenever Grace Wise has iron ore to sell, it must first offer the same to Prosperity Macao. Grace Wise will inform Prosperity Macao periodically of the amount of iron ore available for sale and Prosperity Macao will decide on the amount it wishes to purchase provided that each shipment shall be no less than approximately 10,000 metric tonnes. In the event that Prosperity Macao decides not to purchase all of the iron ore offered by Grace Wise, Grace Wise may then sell the remaining iron ore to third parties.

Each consignment of iron ore shall be purchased from Grace Wise by Prosperity Macao (a) on normal commercial terms and upon terms which are not less favourable to Prosperity Macao than terms available to Prosperity Macao from independent third parties exporting similar quantity of iron ore of the specifications set out in the purchase order in Malaysia to the destination specified by Prosperity Macao; and (b) at a competitive pricing determined on arm's length basis by reference to the prevailing market price per metric tonne of iron ore for shipment from similar locations in the region.

Grace Wise is indirectly 70%-owned by Mr. Wong and is therefore a connected person of the Company. Based on the applicable Percentage Ratios, the transactions contemplated under the Master Off-take Agreement constitute non-exempt continuing connected transactions for the Company and are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the HK Listing Rules.

In order to comply with the relevant requirements of the HK Listing Rules, the Company has agreed with PMHL and Grace Wise to cap the annual value of their transactions at the Annual Caps. For as long as the HK Listing Rules apply to Prosperity Macao's transactions with Grace Wise, Prosperity Macao will not exceed the Annual Caps without first consulting the Company and complying with the relevant provisions of the HK Listing Rules.

The Master Off-take Agreement provides that prior to obtaining the approval of the Independent Shareholders, the aggregate value of the transactions between Prosperity Macao and Grace Wise will not exceed the Lower Limit of US\$2.5 million (equivalent to under 2.5% of the applicable Percentage Ratios). In the event that the Independent Shareholders vote against the entering into of the Master Off-take Agreement, the Company will be obliged to take such steps as necessary for Prosperity Macao to terminate the Master Off-take Agreement. In the meantime, Prosperity Macao's transactions with Grace Wise will not exceed the Lower Limit. Based on the applicable Percentage Ratios, transactions up to the Lower Limit would be subject to reporting and announcement requirements but do not require the approval of the Independent Shareholders.

SHARE BUYBACK BY PMHL

Since the completion of the disposal of the cement manufacturing business to TCC International Limited, PMHL has received enquiries from PMHL Shareholders whether it intends to use the on-market Share Buyback Mandate approved by PMHL Shareholders at its extraordinary general meeting on 1 March 2010.

The Company has been advised by PMHL that it is the intention of the PMHL Directors, subject to market conditions and pricing, to use some of the proceeds from the Disposal to repurchase PMHL Shares in the market with a view to closing the pricing gap between the net asset value per PMHL Share and the current market price per PMHL Share.

Pursuant to the Share Buyback Mandate granted by the PMHL Shareholders on 1 March 2010, PMHL can repurchase up to 40,345,549 PMHL Shares (approximately 30% of the issued share capital of PMHL) at the Benchmarked Price per PMHL Share equal to 120 per cent. of the average of the closing mid-market price of such PMHL Shares (as derived from the AIM Appendix to the Daily Official List of the London Stock Exchange plc) for the five business days immediately preceding the date of purchase.

Assuming that the Share Buyback Mandate is exercised in full so that 40,345,549 PMHL Shares are repurchased and cancelled and that none of the outstanding share options and warrants issued by PMHL is exercised, the total number of PMHL Shares in issue after the full exercise of the Share Buyback Mandate would become 95,119,616. As a result, the Company's percentage equity interest in PMHL would be increased by approximately 22.86%, from approximately 53.89% to approximately 76.75%. However, given that the Share Buyback Mandate is required to be refreshed at the next annual general meeting of PMHL (expected to be some time in September 2010), PMHL is unlikely to be able to utilise its Share Buyback Mandate in full.

Assuming that the Share Buyback Mandate in respect of 20% of the PMHL Shares is exercised so that 26,897,033 PMHL Shares are repurchased and cancelled and that none of the outstanding share options and warrants issued by PMHL is exercised, the total number of PMHL Shares in issue after the partial exercise of the Share Buyback Mandate would become 108,568,132. As a result, the Company's percentage equity interest in PMHL would be increased by approximately 13.35%, from approximately 53.89% to approximately 67.24%.

Pursuant to the HK Listing Rules, the increase in the Company's percentage equity interest in PMHL as a result of the partial exercise of the Share Buyback Mandate in respect of up to 20% of the PMHL Shares is deemed to be an acquisition by the Company of the equity interest in PMHL. As the applicable Percentage Ratios based on an anticipated maximum exercise of the Share Buyback Mandate of up to 20% of PMHL Shares (assuming that the PMHL Shares are repurchased at the Benchmarked Price) are more than 25% but less than 100%, the Deemed Acquisition will constitute a major transaction for the Company under the HK Listing Rules and is subject to the notification, publication and shareholders' approval requirements under Chapter 14 of the HK Listing Rules.

As none of the Shareholders has a material interest in the Deemed Acquisition, none of them would be required to abstain from voting if a general meeting of the Company were to be convened to approve the Deemed Acquisition. Pursuant to Rule 14.44 of the HK Listing Rules, on 31 May 2010, the Company has obtained a written approval from the Controlling Shareholders who together are interested in 4,093,753,540 Shares (representing approximately 74.19% of the issued share capital of the Company as at the date of this announcement), to approve the Deemed Acquisition.

PMHL has given the Company an undertaking that it will not exercise its Share Buyback Mandate in full or use more than GBP50.6 million (approximately HK\$571.8 million) unless it has given notice to the Company and any such exercise is subject to the Company complying with its obligations under the HK Listing Rules at the relevant time. This undertaking expires at the next annual general meeting of PMHL.

SGM

The SGM will be convened and held to consider and, if thought fit, to approve, among other things, the Guangzhou Properties Acquisition, the Master Off-take Agreement and the Annual Caps. Pursuant to the requirements under the HK Listing Rules, Mr. Wong and his associates (who together hold an aggregate of 4,093,753,540 Shares, representing approximately 74.19% of the total issued share capital of the Company as at the date of this announcement) shall abstain from voting at the SGM to approve the Guangzhou Properties Acquisition, the Master Off-take Agreement and the Annual Caps.

The Company will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the Guangzhou Properties Agreement and the Master Off-take Agreement reflects normal commercial terms and are fair and reasonable, and to advise the Independent Shareholders on how to vote in respect of Guangzhou Properties Acquisition, the Master Off-take Agreement and the Annual Caps at the SGM.

The Independent Board Committee comprising all independent non-executive Directors has been established to advise the Independent Shareholders as to whether the terms of the Guangzhou Properties Agreement and the Master Off-take Agreement are on normal commercial terms and are fair and reasonable and whether the Guangzhou Properties Acquisition and the execution of the Master Off-take Agreement are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote in respect of Guangzhou Properties Acquisition, the Master Off-take Agreement and the Annual Caps at the SGM after taking into account the recommendations of the independent financial adviser to be appointed by the Company.

GENERAL

The Company will despatch a circular to the Shareholders in accordance with the requirements under the HK Listing Rules containing, among other things, (a) further information on the Guangzhou Properties Acquisition, the Master Off-take Agreement and the Deemed Acquisition; (b) a letter from the Independent Board Committee containing its advice and recommendation to the Independent Shareholders in respect of the Guangzhou Properties Acquisition, the Master Off-take Agreement and the Annual Caps; (c) a letter from an independent financial adviser of the Company containing its advice and recommendations to the Independent Board Committee and the Independent Shareholders in respect of the Guangzhou Properties Acquisition, the Master Off-take Agreement and the Annual Caps; (d) further information as required under the HK Listing Rules; and (e) a notice of the SGM.

INTRODUCTION

Prosperity Minerals Holdings Limited (AIM: PMHL.L), a direct 53.89%-owned subsidiary of the Company which recently disposed of most of its cement manufacturing business in the PRC for HK\$3,800 million, today announces that:

- (a) it has entered into a number of agreements for the acquisition of property interests in the PRC which, when completed, will result in real estate investment and development becoming an additional core business of PMHL; and

- (b) it has also entered into an iron ore master off-take agreement with a connected person of the Company for the purpose of purchasing iron ore from Malaysia.

In addition, PMHL has also announced a proposed on-market share buyback of its shares after the release of its annual results in late June/early July, such share buyback would be treated as deemed acquisition by the Company of interests in PMHL under the HK Listing Rules.

REAL ESTATE INVESTMENTS

As announced by the Company previously, PMHL intends to reinvest some of the proceeds of the disposal of the cement business in other attractive businesses in the PRC, including real estate. In line with this strategy, PMHL has recently expanded its property development and investment division and entered into a number of agreements designed to build up a portfolio of PRC property and development assets.

THE GUANGZHOU PROPERTIES AGREEMENT

On 31 May 2010, Pro-Rise entered into the Guangzhou Properties Agreement with Splendid City and Cheong Sing pursuant to which Pro-Rise conditionally agreed to acquire the entire issued share capital of Bliss Hero HK which holds certain property interests in Guangzhou City, the PRC. Further details of the Guangzhou Properties Agreement are set out below.

Date

31 May 2010

Parties

- (a) Splendid City and Cheong Sing - as vendors
- (b) Pro-Rise - as purchaser

Assets to be acquired

- (a) the Bliss Hero Sale Shares, representing the entire issued share capital of Bliss Hero HK; and
- (b) the Bliss Hero's Loan from Mr. Wong and/or his associate(s) and outstanding as at the Guangzhou Properties Completion Date.

Details of Bliss Hero HK are set out in the paragraph headed "Information on the Bliss Hero HK Group" below.

Consideration

The consideration for the Guangzhou Properties Acquisition is the sum of (i) the consideration payable for the assignment of the Bliss Hero's Loan; and (ii) the net asset value (after deducting minority interests) of Bliss Hero HK as at 31 March 2010 after taking into consideration a property revaluation to be carried out as at 31 March 2010 by an independent property valuer to be appointed by the Company and PMHL.

The Guangzhou Properties Consideration shall be paid in cash by Pro-Rise in the following manner:

- (a) an initial refundable deposit of HK\$220 million (the “**Guangzhou Properties Deposit**”) shall be paid upon the signing of the Guangzhou Properties Agreement. As at the date of this announcement, the Deposit has already been paid by Pro-Rise; and
- (b) the remaining amount of the Guangzhou Properties Consideration shall be paid in full upon completion of the Guangzhou Properties Agreement, save and except where the parties disagree as to whether the Bliss Hero's Loan as at the Guangzhou Properties Completion Date is higher or lower than the Bliss Hero's Loan as at 31 March 2010 (expected to be approximately HK\$425.9 million), the amount in dispute shall be paid as soon as practicable upon such amount has been determined but in any case within 60 days after the Guangzhou Properties Completion Date.

The Guangzhou Properties Consideration was arrived at after arm's length negotiation between Splendid City, Cheong Sing and Pro-Rise. At this stage, as (i) the independent property valuation as at 31 March 2010 of the Guangzhou Properties, and (ii) the consolidated management accounts of Bliss Hero HK as at 31 March 2010, are not yet available, it is not possible to determine the exact amount of the Guangzhou Properties Consideration as at the date of this announcement. Based on the unaudited management accounts of Bliss Hero HK as reviewed by the Company's auditors, the net asset value (after deducting minority interest) as at 31 December 2009 was approximately HK\$447.3 million. The Directors were informed that there would be no significant changes between the net asset values of Bliss Hero HK between 31 December 2009 and 31 March 2010. The Company would make an announcement once the exact amount of the Guangzhou Properties Consideration has been determined.

The amount of the Bliss Hero's Loan as at 31 December 2009 is approximately HK\$425.9 million. To the extent that the Bliss Hero's Loan as at the Guangzhou Properties Completion Date falls short of HK\$425.9 million, an amount equals to such shortfall shall be deducted from the Guangzhou Properties Consideration. To the extent that the Bliss Hero's Loan as at the Guangzhou Properties Completion Date is greater than HK\$425.9 million, an amount equals to such surplus shall be added to the Guangzhou Properties Consideration.

The Company and PMHL have appointed the Independent Valuer to provide an independent valuation of the Guangzhou Properties as at 31 March 2010, such a valuation to be carried out following the signing of the Guangzhou Properties Agreement.

Following the signing of the Guangzhou Properties Agreement, Splendid City and Cheong Sing shall cause Bliss Hero HK to prepare the unaudited consolidated balance sheet made up as at 31 March 2010 in accordance with the International Financial Reporting Standards consistently applied and based on and with reference to the valuation of the Guangzhou Properties as at 31 March 2010 as provided by the Independent Valuer.

As soon as possible after the Guangzhou Properties Completion Date, Pro-Rise shall cause Bliss Hero HK to prepare the Guangzhou Properties Completion Balance Sheet in accordance with the International Financial Reporting Standards consistently applied for the purpose of determining the Bliss Hero's Loan outstanding as at the Guangzhou Properties Completion Date.

Splendid City and Cheong Sing have warranted that the net asset value of Bliss Hero HK as at the date of signing of the Guangzhou Properties Agreement is not materially lower than the net asset value of Bliss Hero HK as at 31 March 2010, in each case, without taking into consideration the revaluation of the Guangzhou Properties.

The Directors (excluding the independent non-executive Directors whose opinions can only be formed after having reviewed the advice from the independent financial adviser of the Company) consider that the terms of the Guangzhou Properties Agreement (including the amount of the Guangzhou Properties Consideration) are on normal commercial terms, the terms of which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions precedent

Completion of the Guangzhou Properties Agreement is conditional upon the fulfilment (or waiver by Pro-Rise as to conditions in paragraphs (d) and (e) below in accordance with the terms of the Guangzhou Properties Agreement) of the following conditions on or before 12:00 noon on the Guangzhou Transaction Long Stop Date:

- (a) the Guangzhou Properties Agreement and the transactions contemplated thereunder having been approved by (i) the Independent Directors of PMHL; and (ii) the Independent Shareholders at the SGM;
- (b) all consents, waivers, authorisations, approvals, exemptions or orders from government or regulatory authorities or third parties which are necessary or desirable in connection with the execution and performance of the Guangzhou Properties Agreement and the transactions contemplated thereunder having been obtained;
- (c) Splendid City giving Pro-Rise a deed of tax indemnity whereby Pro-Rise and Bliss Hero HK will be indemnified against all liabilities to taxation (including PRC withholding taxes) which Pro-Rise and/or Bliss Hero HK may be assessed in connection with matters arising prior to 31 March 2010 or in connection with the execution of the Guangzhou Properties Agreement other than such liabilities that have been disclosed in the unaudited consolidated management accounts of Bliss Hero HK as at 31 March 2010;
- (d) the warranties given by Splendid City and Cheong Sing being true and accurate and not misleading in any material respect on and as of the Guangzhou Properties Completion Date; and
- (e) from the date of the signing of the Guangzhou Properties Agreement up to the Guangzhou Properties Completion Date, no event has arisen which could result in a material adverse effect on the financial performance and prospects of the Bliss Hero HK Group.

Completion of the Guangzhou Properties Agreement is expected to take place within 5 Business Days after the fulfilment (or where applicable, waiver given by Pro-Rise) of all the conditions, or such later date as the parties shall agree in writing.

If any of the above conditions is not fulfilled (or where applicable, waived by Pro-Rise) on or before the Guangzhou Transaction Long Stop Date, the Guangzhou Properties Agreement shall lapse and no party shall have any claim against the other party (a) save that Splendid City and Cheong Sing shall, within 14 Business Days from the date of termination of the Guangzhou Properties Agreement, refund to

Pro-Rise the Guangzhou Properties Deposit together with interests (calculated at an interest rate of 5% per annum from the date of the Guangzhou Properties Agreement up to the date of repayment of the Guangzhou Properties Deposit); and (b) save for any antecedent breaches.

Information on the Bliss Hero HK Group

Bliss Hero HK is an investment holding company incorporated in Hong Kong and directly owns the entire equity interests in Bliss Hero GZ, a wholly foreign-owned enterprise established under the laws of the PRC.

Bliss Hero GZ owns and manages approximately 11,472 square metres of office and commercial space in a property development known as SilverBay Plaza, which is situated at a land parcel at No. 299 Yanjiang Road Middle, Yuexiu District, Guangzhou City, Guangdong Province, the PRC. SilverBay Plaza has a site area of approximately 1,200 square metres on which a building comprising 26 floors and 2 underground floors was constructed with an aggregate gross floor area of approximately 19,900 square metres.

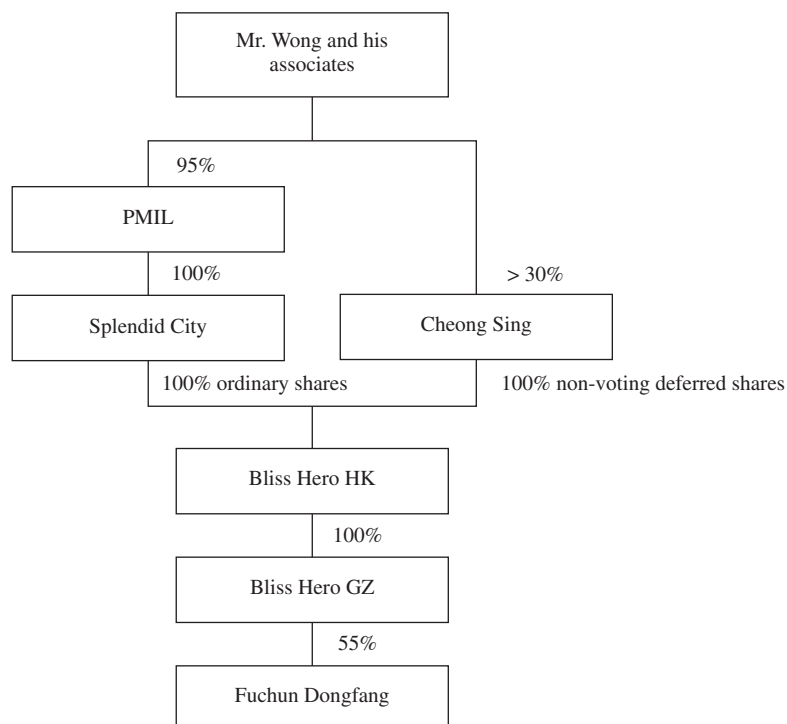
SilverBay Plaza was completed in 2004 and at the date of this announcement, the office and commercial space in SilverBay Plaza owned by Bliss Hero GZ has a 90% occupancy rate.

In addition, Bliss Hero GZ holds a 55% interest in Fuchun Dongfang, a limited liability company established under the laws of the PRC. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the holder of the remaining 45% interest in Fuchun Dongfang is independent of and not connected with the Company or any of its connected persons. Fuchun Dongfang is principally engaged in property investment and development. Fuchun Dongfang is the owner of the land use rights in respect of two land parcels situated at Datang Street Section, Wende Road North, Wenming Road Northward and Wende Road Eastward with an aggregate site area of 13,814 square metres. A development project, known as Dongfang Wende Plaza, is currently under construction on this site. The Dongfang Wende Plaza development comprises a 4-floor shopping arcade with 4 basement floors (one of which is to be part of the shopping arcade and the other 3 will be a car park) on top of which will be constructed 3 buildings with 35 floors, one building with 29 floors and one building with 25 floors. It is expected to have an aggregate floor area of approximately 164,307 square metres.

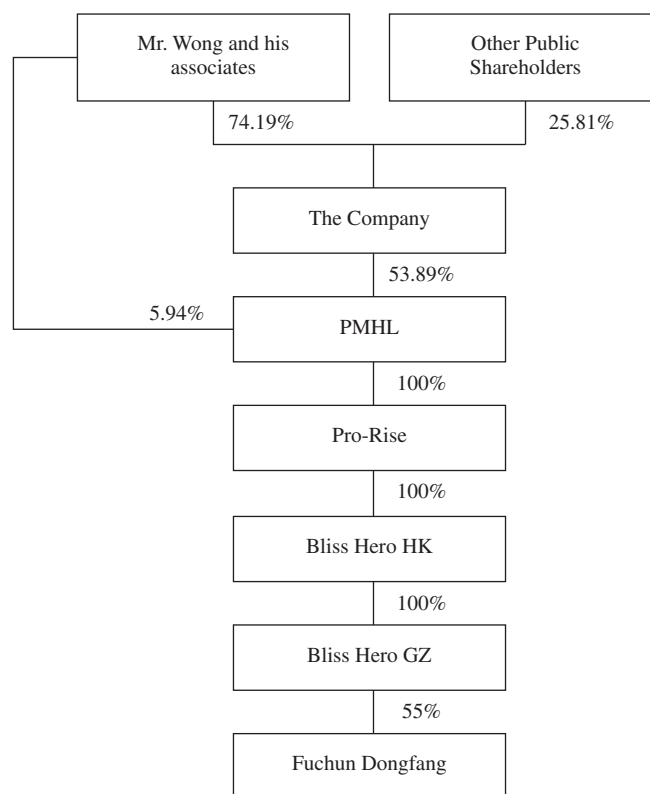
Construction work for the Dongfang Wende Plaza has commenced and it is anticipated that the development will be completed by mid-2010 with pre-sale of two of the residential buildings scheduled for September 2010.

Shareholding structure of the Bliss Hero HK Group before and after the Guangzhou Properties Completion

The following diagram illustrates the shareholding structure of the Bliss Hero HK Group immediately before the Guangzhou Properties Completion:



The following diagram illustrates the shareholding structure of the Bliss Hero HK Group immediately after the Guangzhou Properties Completion:



Upon Completion, Bliss Hero HK will become an indirect 53.89%-owned subsidiary of the Company whose results will be consolidated in the consolidated financial statements of the Company.

Financial information of the Bliss Hero HK Group

The following table sets out (a) the financial information of the Bliss Hero HK Group for the two years ended 31 March 2008 and 2009 based on the unaudited consolidated financial statements of Bliss Hero HK for the years ended 31 March 2008 and 31 March 2009; and (b) the net asset value of the Bliss Hero HK Group as at 31 December 2008 and 2009 based on the unaudited consolidated balance sheet of Bliss Hero HK as at 31 December 2008 and 2009, both of which were prepared in accordance with the International Financial Reporting Standards and its interpretations adopted by the International Accounting Standards Board:

	Year ended 31 March	
	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Revenue	8,902	9,338
(Loss)/Profit before tax	(125,457)	440,051
Income tax	29,060	(4,937)
(Loss)/Profit for the year	(96,397)	435,114
	As at 31 March	
	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Net assets	879,269	741,337

Information on Splendid City, Cheong Sing, Pro-Rise and the Group

Splendid City is an investment holding company incorporated in BVI and is 95%-owned by Mr. Wong, Chairman of both the Company and PMHL and an executive Director, and his associates. Mr. Wong and his associates are the Controlling Shareholders who together are interested in 4,093,753,540 Shares, representing approximately 74.19% of the issued share capital of the Company as at the date of this announcement.

Cheong Sing is an investment holding company incorporated in Hong Kong. Mr. Wong and his associates are together interested in 30% or more of the issued share capital of Cheong Sing.

Pro-Rise is an investment holding company incorporated in BVI and a direct wholly-owned subsidiary of PMHL. PMHL is a direct 53.89%-owned subsidiary of the Company incorporated in Jersey and whose shares are admitted to trading on AIM.

The Group is principally engaged in (i) the trading of cement and clinker; (ii) investment in granite material production; (iii) trading of iron ore; and (iv) the operation of public port and other related facilities businesses in the PRC.

Implications of the Guangzhou Properties Agreement under the HK Listing Rules

Pro-Rise is an indirect 53.89%-owned subsidiary of the Company. Mr. Wong and his associates are together interested in 30% or more of the issued share capital of each of Splendid City and Cheong Sing and hence each of Splendid City and Cheong Sing is regarded as a connected person of the Company. Therefore, the Guangzhou Properties Acquisition constitutes a connected transaction for the Company.

Although the exact amount of the Guangzhou Properties Consideration payable has yet to be determined, based on the total amount of the Bliss Hero's Loan of approximately HK\$425.9 million as at 31 December 2009 and the net asset value (after deducting minority interests) of Bliss Hero HK of approximately HK\$447.3 million as at 31 December 2009, the applicable Percentage Ratios for the Guangzhou Properties Acquisition are more than 2.5%, the Guangzhou Properties Acquisition is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the HK Listing Rules. In addition, as the applicable Percentage Ratios for the Guangzhou Properties Acquisition are more than 25% but less than 100%, the Guangzhou Properties Acquisition constitutes a major transaction for the Company and is subject to the notification, publication and shareholders' approval requirements under Chapter 14 of the HK Listing Rules.

As disclosed above, the Directors were informed that there would be no significant changes between the net asset values of Bliss Hero HK between 31 December 2009 and 31 March 2010. Splendid City and Cheong Sing have warranted that the net asset value of Bliss Hero HK as at the date of signing of the Guangzhou Properties Agreement is not materially lower than the net asset value of Bliss Hero HK as at 31 March 2010, in each case, without taking into consideration the revaluation of the Guangzhou Properties. The Directors therefore take the view that the Guangzhou

Properties Acquisition will not result in a very substantial acquisition for the Company. The Company will comply with the requirements of the HK Listing Rules in the event that the Guangzhou Properties Acquisition results in a very substantial acquisition for the Company.

Reasons for and benefits of the Guangzhou Properties Acquisition

As disclosed in the circular of the Company dated 1 February 2010, the Board has been advised that PMHL intends to reinvest some of the proceeds of the disposal of the cement business in other attractive businesses in the PRC such as real estate. In line with this strategy, PMHL has recently expanded its property development and investment division and entered into various agreements designed to build up a portfolio of PRC real estate assets.

Real estate development is an area which Mr. Wong, Chairman of both the Company and PMHL, has considerable experience. Soon after the signing of the agreement to dispose of the cement business, PMHL established a property development and investment division and appointed a general manager with the relevant PRC real estate experience and expertise. Accordingly to PMHL, the property division of PMHL has identified the two Guangzhou Properties and the Fujian Project as initial acquisition targets with good capital and income potentials.

The Guangzhou Properties Acquisition, if completed, will give the PMHL Group immediate access to an initial portfolio of property assets and rental income from property development and investments, which will in turn enhance the shareholder value for the Shareholders.

It is intended that the Guangzhou Properties Consideration will be funded from the internal resources of PMHL, although the PMHL Group may, in due course, refinance the project.

In view of the above, the Directors (excluding the independent non-executive Directors whose opinions can only be formed after having reviewed the advice from the independent financial adviser of the Company) are of the view that the terms of the Guangzhou Properties Agreement are on normal commercial terms and are fair and reasonable, and that the Guangzhou Properties Acquisition is in the interest of the Company and the Shareholders as a whole.

THE MASTER OFF-TAKE AGREEMENT

On 31 May 2010, Prosperity Macao, an indirect wholly-owned subsidiary of PMHL, entered into iron ore Master Off-take Agreement with Grace Wise pursuant to which Grace Wise agreed to sell to Prosperity Macao, for loading at a Malaysian sea port, iron ore at a price per tonne following the prevailing market price in similar locations.

The iron ore will be delivered between 1 May 2010 and 31 March 2013.

The Master Off-take Agreement prescribes the maximum value of US\$1,555 million (approximately HK\$12,129 million) of the transactions between Prosperity Macao and Grace Wise during the Off-take Period.

Under the Master Off-take Agreement:

- (a) Grace Wise has no obligation to sell iron ore to Prosperity Macao nor is Prosperity Macao required to purchase iron ore from Grace Wise.
- (b) However, whenever Grace Wise has iron ore to sell, it must first offer the same to Prosperity Macao. Grace Wise will inform Prosperity Macao periodically of the amount of iron ore available for sale and Prosperity Macao will decide on the amount it wishes to purchase provided that each shipment shall be no less than approximately 10,000 metric tonnes.
- (c) In the event that Prosperity Macao decides not to purchase all of the iron ore offered by Grace Wise within five Business Days of being so offered, Grace Wise may then sell the remaining iron ore to third parties.

Each consignment of iron ore shall be purchased from Grace Wise by Prosperity Macao:

- (a) on normal commercial terms and upon terms which are not less favourable to Prosperity Macao than terms available to Prosperity Macao from independent third parties exporting similar quantity of iron ore of the specifications set out in the purchaser order in Malaysia to the destination specified by Prosperity Macao; and
- (b) at a competitive pricing determined on arm's length basis by reference to the prevailing market price per metric tonne of iron ore for shipment from similar locations in the region.

Prosperity Macao will pay the consideration for the purchase of iron ore from Grace Wise in cash.

Information relating to Grace Wise, Dato' Hoe Beng Tan, All Wealthy, ZCM Entities and the Malaysian Iron Ore Joint Venture

Mr. Tan and his associates have been operating small-scale iron ore mines in Malaysia since 2007 through ZCM Entities. Prosperity Macao has, for a number of years, purchased iron ore from Kingsley which sourced its iron ore from ZCM Entities.

Recently, Mr. Tan wished to expand the iron ore production in Malaysia and approached Mr. Wong with a view to forming a joint venture to exploit this opportunity. On 4 May 2010, Mr. Wong and Dato' Hoe Beng Tan entered into a framework agreement for the establishment of the Malaysian Iron Ore Joint Venture pursuant to which Mr. Wong, Mr. Tan (and their respective associates) would, through their respective holding companies, hold 70% and 30% of the Malaysian Iron Ore Joint Venture.

Pursuant to the framework agreement, Mount Megakey Sdn. Bhd and Phoenix Lake Sdn. Bhd (both Malaysian companies) were incorporated to acquire the mining and processing assets of ZCM Entities and Grace Wise was incorporated in Singapore to sell the iron ore mined in Malaysia.

Mr. Wong and his associates hold their interests in the Malaysian Iron Ore Joint Venture through All Wealthy while Mr. Tan and his associates hold their interests in the Malaysian Iron Ore Joint Venture through Million Sea. Both All Wealthy and Million Sea are limited liability companies incorporated in the BVI.

Reasons for and benefits of the Master Off-take Agreement

The PMHL Group's iron ore trading volumes for the years ending 31 March 2008 and 31 March 2009 were 3.6 million tonnes and 4.4 million tonnes respectively. In the six months ended 30 September 2009, the PMHL Group shipped 5.2 million tonnes.

In order to trade iron ore, it is essential that the PMHL Group has access to a reliable supply of iron ore at a competitive price. The PMHL Group believes that the trading volume could be significantly increased if it is able to expand its sources of iron ore.

Prosperity Macao has, for a number of years, purchased iron ore from Kingsley which sourced its iron ore from ZCM Entities. As the Malaysian Iron Ore Joint Venture has now acquired the mining and processing assets of ZCM Entities, the PMHL Board considers it to be beneficial for the PMHL Group to continue to source its supply of iron ore from Malaysia through Grace Wise.

Given the long standing relationship between the PMHL Group and Mr. Tan and Mr. Wong's position as a PMHL Director, the PMHL Board believes that the Master Off-take Agreement would allow the PMHL Group to continue obtaining a reliable supply of iron ore from Malaysia at a competitive price.

The Malaysian Iron Ore Joint Venture has a projected iron ore production of 1.5 million metric tonnes, 2.5 million metric tonnes and 4 million metric tonnes for the financial years ended 31 March 2011, 31 March 2012 and 31 March 2013, respectively. Given that Prosperity Macao will receive a first right of refusal for all iron ore produced by the Malaysian Iron Ore Joint Venture for export, in the event that the Malaysian Iron Ore Joint Venture succeeded in expanding the iron ore production beyond the volume supplied by ZCM Entities, Prosperity Macao would benefit from a larger supply of iron ore from Malaysia. Prosperity Macao has no obligation to purchase the iron ore offered by Grace Wise if it is able to source iron ore at a cheaper price elsewhere.

The Master Off-take Agreement is of revenue nature and has been entered into in the usual and ordinary course of business of the Group.

Implications of the Master Off-take Agreement under the HK Listing Rules

Grace Wise is indirectly 70%-owned by Mr. Wong and is therefore a connected person of the Company.

Based on the applicable Percentage Ratios, the transactions contemplated under the Master Off-take Agreement constitute non-exempt continuing connected transactions for the Company.

The Master Off-take Agreement provides that prior to obtaining the approval of the Independent Shareholders, the aggregate value of the transactions between Prosperity Macao and Grace Wise will not exceed US\$2.5 million (equivalent to under 2.5% of the applicable Percentage Ratios) (the **Lower Limit**).

In the event that the Independent Shareholders vote against the entering into of the Master Off-take Agreement, the Company would be obliged to take such steps as necessary for Prosperity Macao to terminate the Master Off-take Agreement. In the meantime, Prosperity Macao's transactions with Grace Wise will not exceed the Lower Limit. Based on the applicable Percentage Ratios, transactions up to the Lower Limit would be subject to reporting and announcement requirements but do not require the approval of the Independent Shareholders.

Annual Caps

In addition, Rule 14A.35(2) of the HK Listing Rules requires the Group to cap the value of its annual transactions with Grace Wise. As the actual value of the

transactions between Prosperity Macao and Grace Wise varies depending on the prevailing market price of iron ore in similar locations at the relevant delivery time, it is not possible to determine at this stage the maximum annual cap for each of the years between 2010 and 2013. Nonetheless, in order to comply with the relevant requirements of the HK Listing Rules, the Company has agreed with PMHL and Grace Wise to cap the annual value of their transactions at the volumes set out below (the **Annual Caps**). For as long as the HK Listing Rules apply to Prosperity Macao's transactions with Grace Wise, Prosperity Macao will not exceed the Annual Caps without first consulting the Company and complying with the relevant provisions of the HK Listing Rules.

	Annual Cap (US\$ m)		
	1 May 2010 — 31 March 2011	1 April 2011 — 31 March 2012	1 April 2012 — 31 March 2013
Master Off-take Agreement	225	450	880
<i>Notes:</i>	(a) and (d)	(b)	(c)

Assumptions:

- (a) 1.5 million metric tonnes of iron ore at US\$150 per metric tonne.
- (b) 2.5 million metric tonnes of iron ore at US\$180 per metric tonne.
- (c) 4.0 million metric tonnes of iron ore at US\$220 per metric tonne.
- (d) Until Independent Shareholders' approval is obtained, the cap is US\$2.5 million.

The Annual Caps were arrived at after taking into account (a) the prevailing market price of iron ore in Malaysia and in the region; (b) the Prosperity Macao's expected average market price of iron ore in Malaysia and in the region during the years between 2010 and 2013; and (c) the estimated volume of iron ore that Prosperity Macao may order from Grace Wise during the years between 2010 and 2013.

The Directors consider that the terms of the Master Off-take Agreement are on normal commercial terms and are fair and reasonable.

The Directors (including the independent non-executive Directors) also consider that it would be in the interest of the Company and its Shareholders as a whole to enter into the Master Off-take Agreement up to the Lower Limit pending the approval of Independent Shareholders being sought as it will allow Prosperity Macao to continue obtaining its uninterrupted supply of iron ore.

However, the independent non-executive Directors would only be able to form an opinion whether, in the longer term, the execution of the Master Off-take Agreement (including the length of the Master Off-take Agreement and the Annual Caps) is in the interests of the Company and the Shareholders as a whole after having reviewed

the advice from the independent financial adviser of the Company. In this connection, the Independent Board Committee comprising all independent non-executive Directors has been established to advise the Independent Shareholders further in due course.

SHARE BUYBACK BY PMHL

Since the completion of the disposal of the cement manufacturing business to TCC International Limited, PMHL has received enquiries from PMHL Shareholders whether it intends to use the on-market Share Buyback Mandate approved by PMHL Shareholders at its extraordinary general meeting on 1 March 2010.

PMHL anticipates that it will publish its annual results for the financial year ended 31 March 2010 either in late June 2010 or early July 2010. Until PMHL has published its annual results, PMHL is in a closed period (as defined in Rule 21 of the AIM Rules) and will be unable to make any on-market purchases of PMHL Shares.

The Company has been advised by PMHL that it is the intention of the PMHL Directors, subject to market conditions and pricing, to use some of the proceeds from the Disposal to repurchase PMHL Shares in the market with a view to closing the pricing gap between the net asset value per PMHL Share and the current market price per PMHL Share.

Pursuant to the Share Buyback Mandate granted by the PMHL Shareholders on 1 March 2010:-

- (a) PMHL can repurchase up to 40,345,549 PMHL Shares (approximately 30% of the issued share capital of PMHL) at a maximum price to be paid per PMHL Share of an amount (the **Benchmarked Price**) equal to 120 per cent. of the average of the closing mid-market price of such PMHL Shares (as derived from the AIM Appendix to the Daily Official List of the London Stock Exchange plc) for the five business days immediately preceding the date of purchase;
- (b) the Share Buyback Mandate will expire fifteen months from the date of passing of the share buyback resolution or, if earlier, at the conclusion of the next annual general meeting of PMHL;
- (c) up to 10% of the repurchased PMHL Shares may be held in treasury.

The Company has been further advised by PMHL that the making and timing of any repurchase of the PMHL Shares will always be at the discretion of the PMHL Board, taking into consideration, amongst other things, the future funding needs of PMHL and the then current market price of the PMHL Shares.

Effect of the exercise of the Share Buyback Mandate

As at the date of this announcement, the total number of PMHL Shares in issue is 135,465,165. PMHL has outstanding share options and warrants entitling the holders thereof to subscribe for an aggregate of 17,468,517 PMHL Shares. The Company is interested in 73,000,000 PMHL Shares, representing approximately 53.89% of the entire issued share capital of PMHL.

Assuming that the Share Buyback Mandate is exercised in full so that 40,345,549 PMHL Shares are repurchased and cancelled and that none of the outstanding share options and warrants issued by PMHL is exercised, the total number of PMHL Shares in issue after the full exercise of the Share Buyback Mandate would become 95,119,616. As a result, the Company's percentage equity interest in PMHL would be increased by approximately 22.86%, from approximately 53.89% to approximately 76.75%.

However, given that the Share Buyback Mandate is required to be refreshed at the next annual general meeting of PMHL (expected to be some time in September 2010), PMHL is unlikely to be able to utilise its Share Buyback Mandate in full.

Assuming that the Share Buyback Mandate in respect of 20% of the PMHL Shares is exercised so that 26,897,033 PMHL Shares are repurchased and cancelled and that none of the outstanding share options and warrants issued by PMHL is exercised, the total number of PMHL Shares in issue after the partial exercise of the Share Buyback Mandate would become 108,568,132. As a result, the Company's percentage equity interest in PMHL would be increased by approximately 13.35%, from approximately 53.89% to approximately 67.24%.

Based on the Benchmarked Price of 170.88 pence (approximately HK\$19.31) at the date of this announcement, PMHL would have to pay an aggregate of approximately GBP68,942,474 (approximately HK\$779,049,956) in order to exercise the Share Buyback Mandate in full and approximately GBP45,961,650 (approximately HK\$519,366,645) in order to exercise up to 20% of the Share Buyback Mandate, which will be satisfied by PMHL from its internal resources.

FINANCIAL INFORMATION OF PMHL

The following table sets out the financial information of PMHL for the two years ended 31 March 2008 and 2009 based on the audited consolidated financial statements of PMHL for the years ended 31 March 2008 and 31 March 2009 prepared in accordance with International Financial Reporting Standards and its interpretations adopted by the International Accounting Standards Board:

	Year ended 31 March			
	2009		2008	
	<i>US\$'000</i>	<i>HK\$'000</i>	<i>US\$'000</i>	<i>HK\$'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Revenue	647,714	5,052,169	507,532	3,958,749
Profit before tax	7,703	60,083	59,284	462,415
Income tax	3,205	24,999	5,316	41,465
Profit for the year	4,498	35,084	53,968	420,950

Based on the unaudited consolidated financial statements of PMHL as at 30 September 2009 prepared in accordance with International Financial Reporting Standards and its interpretations adopted by the International Accounting Standards Board, the net asset value of PMHL as at 30 September 2009 is US\$278,558,000 (approximately HK\$2,172,752,000).

Information on PMHL

PMHL is a direct 53.89%-owned subsidiary of the Company incorporated in Jersey and whose shares are admitted to trading on AIM.

Implication of the exercise of the Share Buyback Mandate under the HK Listing Rules

Pursuant to the HK Listing Rules, the increase in the Company's percentage equity interest in PMHL as a result of the partial exercise of the Share Buyback Mandate in respect of up to 20% of the PMHL Shares is deemed to be an acquisition by the Company of the equity interest in PMHL (the "**Deemed Acquisition**").

If the Share Buyback Mandate is exercised in full, the applicable Percentage Ratios in respect of the Deemed Acquisition will be more than 100% (assuming that the PMHL Shares are repurchased at the Benchmarked Price). Therefore, the Deemed Acquisition will constitute a very substantial acquisition for the Company under the HK Listing Rules.

However, as set out above, PMHL is not likely to be able to exercise its Share Buyback Mandate in full. Based on an anticipated maximum exercise of the Share Buyback Mandate of up to 20% of PMHL Shares (assuming that the PMHL Shares are repurchased at the Benchmarked Price), the transaction is more than 25% but less than 100% of the applicable Percentage Ratios.

As the applicable Percentage Ratios based on an anticipated exercise of the Share Buyback Mandate of up to 20% of PMHL Shares are more than 25% but less than 100%, the Deemed Acquisition will constitute a major transaction for the Company under the HK Listing Rules and is subject to the notification, publication and shareholders' approval requirements under Chapter 14 of the HK Listing Rules.

As none of the Shareholders has a material interest in the Deemed Acquisition, none of them would be required to abstain from voting if a general meeting of the Company were to be convened to approve the Deemed Acquisition. Pursuant to Rule 14.44 of the HK Listing Rules, on 31 May 2010, the Company has obtained a written approval from the Controlling Shareholders who together are interested in 4,093,753,540 Shares (representing approximately 74.19% of the issued share capital of the Company as at the date of this announcement), to approve the Deemed Acquisition.

PMHL has given the Company an undertaking that it will not exercise its Share Buyback Mandate in full or use more than GBP50.6 million (approximately HK\$571.8 million) unless it has given notice to the Company and any such exercise is subject to the Company complying with its obligations under the HK Listing Rules at the relevant time. This undertaking expires at the next annual general meeting of PMHL.

The Directors (including the independent non-executive Directors) consider that the terms of the Share Buyback Mandate are fair and reasonable and that the Deemed Acquisition is in the interests of the Company and the Shareholders as a whole.

SGM

The SGM will be convened and held to consider and, if thought fit, to approve, among other things, the Guangzhou Properties Acquisition, the Master Off-take Agreement and the Annual Caps. Pursuant to the requirements under the HK Listing Rules, Mr. Wong and his associates (who together hold an aggregate of 4,093,753,540 Shares, representing approximately 74.19% of the total issued share capital of the Company as at the date of this announcement) shall abstain from voting at the SGM to approve the Guangzhou Properties Acquisition, the Master Off-take Agreement and the Annual Caps.

The Company will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the Guangzhou Properties Agreement and the Master Off-take Agreement reflects normal commercial terms and are fair and reasonable, and to advise the Independent Shareholders on how to vote in respect of Guangzhou Properties Acquisition, the Master Off-take Agreement and the Annual Caps at the SGM.

The Independent Board Committee comprising all independent non-executive Directors has been established to advise the Independent Shareholders as to whether the terms of the Guangzhou Properties Agreement and the Master Off-take Agreement are on normal commercial terms and are fair and reasonable and whether the Guangzhou Properties Acquisition and the execution of the Master Off-take Agreement are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote in respect of Guangzhou Properties Acquisition, the Master Off-take Agreement and the Annual Caps at the SGM after taking into account the recommendations of the independent financial adviser to be appointed by the Company.

GENERAL

The Company will despatch a circular to the Shareholders in accordance with the requirements under the HK Listing Rules containing, among other things, (a) further information on the Guangzhou Properties Acquisition, the Master Off-take Agreement and the Deemed Acquisition; (b) a letter from the Independent Board Committee containing its advice and recommendation to the Independent Shareholders in respect of the Guangzhou Properties Acquisition, the Master Off-take Agreement and the Annual Caps; (c) a letter from an independent financial adviser of the Company containing its advice and recommendations to the Independent Board Committee and the Independent Shareholders in respect of the Guangzhou Properties Acquisition, the Master Off-take Agreement and the Annual Caps; (d) further information as required under the HK Listing Rules; and (e) a notice of the SGM.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“AIM”	AIM market of the London Stock Exchange plc.
“AIM Rules”	AIM Rules for Companies, as amended from time to time
“All Wealthy”	All Wealthy Capital Limited, a limited liability company incorporated under the laws of BVI and which is presently wholly-owned by Mr. Wong
“Annual Caps”	the maximum aggregate annual value of the transactions between Prosperity Macao and Grace Wise under the Master Off-take Agreement for the financial years of the Company ended 31 March 2011, 2012 and 2013.
“associate(s)”	has the meaning ascribed to it under the HK Listing Rules
“Benchmarked Price”	an amount equal to 120 per cent. of the average of the closing mid-market price of the PMHL Shares (as derived from the AIM Appendix to the Daily Official List of the London Stock Exchange plc) for the five business days immediately preceding the date of exercise of the Share Buyback Mandate by PMHL
“Bliss Hero GZ”	廣州義德房地產開發有限公司 (Guangzhou Bliss Hero Real Estate Development Company Limited*), a wholly foreign-owned enterprise established under the laws of the PRC whose entire equity interests are held by Bliss Hero HK
“Bliss Hero HK”	Bliss Hero Investment Limited, an investment holding company incorporated in Hong Kong with limited liability whose entire issued share capital is owned by Splendid City and Cheong Sing
“Bliss Hero HK Group”	Bliss Hero HK and its subsidiaries

“Bliss Hero HK Group Companies”	the companies within the Bliss Hero HK Group
“Bliss Hero’s Loan”	all of the amounts advanced by Mr. Wong and/or his associate(s) to the Bliss Hero HK Group Companies, which are outstanding as at the Guangzhou Properties Completion Date
“Bliss Hero Sale Shares”	the entire issued share capital of Bliss Hero HK
“Board”	the board of Directors
“Business Day”	a day (other than Saturdays, Sundays and such other days where a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above is in force in Hong Kong), on which licensed banks in Hong Kong are open for business throughout their normal business hours
“BVI”	the British Virgin Islands
“Cheong Sing”	Cheong Sing Merchandise Agency Limited, a company incorporated in Hong Kong with limited liability in which Mr. Wong and his associates together own 30% or more of its issued share capital
“Company”	Prosperity International Holdings (H.K.) Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of HKSE
“connected person(s)”	has the meaning given to it under the HK Listing Rules
“connected transaction”	has the meaning given to it under the HK Listing Rules
“continuing connected transaction”	has the meaning given to it under the HK Listing Rules
“controlling shareholder”	has the meaning given to it under the HK Listing Rules

“Deemed Acquisition”	the increase in the Company’s percentage equity interest in PMHL as a result of the partial exercise of the Share Buyback Mandate by PMHL of the PMHL Shares
“Directors”	directors of the Company, and “Director” means any one of them
“Disposal”	the disposal of the entire issued share capital of Upper Value Investments Limited and the related shareholder loan by an indirect wholly-owned subsidiary of PMHL to TCC International Limited, as more particularly set out in the circular of the Company dated 1 February 2010
“Fuchun Dongfang”	廣州富春東方地產投資有限公司 (Guangzhou Fuchun Dongfang Real Estate Investment Co., Ltd.*), a limited liability company incorporated under the laws of the PRC and a direct 55%-owned subsidiary of Bliss Hero GZ
“Fujian Project”	the proposed hot spring and resort development project to be undertaken by a 50-50 joint venture company to be established between Zhejiang Changxing and Xiamen Yanngguang, as more particularly set out in the announcement of the Company dated 31 May 2010
“GBP”	Pounds sterling, a lawful currency of the United Kingdom
“Grace Wise”	Grace Wise Pte Limited, a company incorporated under the laws of Singapore with limited liability
“Group”	the Company and its subsidiaries from time to time

“Guangzhou Properties”	collectively, (i) the property development known as SilverBay Plaza, situated at a land parcel at No. 299 Yanjiang Road Middle, Yuexiu District, Guangzhou City, PRC and (ii) two land parcels situated at Datang Street Section, Wende Road North, Wenming Road Northward and Wende Road Eastward with an aggregate site area of 13,814 square metres on which a development project known as Dongfang Wende Plaza is under construction
“Guangzhou Properties Acquisition”	the acquisition of the Bliss Hero Sale Shares and the Bliss Hero’s Loan on the terms of the Guangzhou Properties Agreement
“Guangzhou Properties Agreement”	the sale and purchase agreement dated 31 May 2010 entered into between Splendid City, Pro-Rise and Cheong Sing in relation to the Guangzhou Properties Acquisition
“Guangzhou Properties Completion”	completion of the Guangzhou Properties Acquisition in accordance with terms of the Guangzhou Properties Agreement
“Guangzhou Properties Completion Balance Sheet”	the unaudited consolidated balance sheet of Bliss Hero HK as at the Guangzhou Properties Completion Date
“Guangzhou Properties Completion Date”	the date on which the Completion takes place, being a date within 5 Business Days immediately following the date on which all the conditions precedent under the Guangzhou Properties Agreement have been fulfilled or, as the case may be, waived
“Guangzhou Properties Consideration”	the consideration for the Guangzhou Properties Acquisition, as more particularly set out in the paragraph headed “Consideration” of this announcement
“Guangzhou Properties Deposit”	the initial refundable deposit of HK\$220 million paid by Pro-Rise upon the signing of the Guangzhou Properties Agreement

“Guangzhou Transaction Long Stop Date”	30 November 2010
“HK Listing Rules”	the Rules Governing the Listing of Securities on HKSE
“HKSE”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the board committee of the Board comprising all independent non-executive Directors established by the Board to advise the Independent Shareholders on the Guangzhou Properties Acquisition, the Master Off-take Agreement and the Annual Caps and how to vote in respect of the Guangzhou Properties Acquisition, the Master Off-take Agreement and the Annual Caps at the SGM
“Independent Shareholders”	Shareholders other than Mr. Wong and his associates
“Independent Valuer”	Jones Lang LaSalle Sallmans Limited, the independent valuer appointed by the Company and PMHL to value the Guangzhou Properties
“Kingsley”	Kingsley Mining Inc, a limited liability company incorporated under the laws of BVI
“Lower Limit”	the maximum aggregate amount of the transactions between Prosperity Macao and Grace Wise under the Master Off-take Agreement prior to the approval of the Master Off-take Agreement and the Annual Caps by the Independent Shareholders

“Malaysian Iron Ore Joint Venture”	the joint venture arrangements between Mr. Wong and Mr. Tan as constituted by a framework agreement dated 4 May 2010 pursuant to which the parties established a group of companies in BVI, Malaysia and Singapore for the purposes of mining and processing of iron ore in Malaysia and the sale of such iron ore to customers within and outside Malaysia
“Master Off-take Agreement”	the iron ore master off-take agreement entered into on 31 May 2010 between Grace Wise and Prosperity Macao
“Million Sea”	Million Sea Group Limited, a limited liability company incorporated under the laws of BVI and which is presently wholly-owned by Mr. Tan and his associates
“Mr. Wong”	Mr. Wong Ben Koon, Chairman of the Board and an executive Director, and the Chairman and Chief Executive Officer of PMHL
“Mr. Tan”	Dato’ Hoe Beng Tan, a Singaporean individual
“pence”	a lawful currency of the United Kingdom, with one GBP equal to 100 pence
“Percentage Ratios”	the percentage ratios under Rule 14.07 of the HK Listing Rules
“Off-take Period”	the effective period of the Master Off-take Agreement being from 1 May 2010 to 31 March 2013
“PMHL”	Prosperity Minerals Holdings Limited, a company incorporated in Jersey and whose shares are admitted to trading on AIM and a direct 53.89%-owned subsidiary of the Company
“PMHL Board”	the board of directors of PMHL
“PMHL Directors”	the directors of PMHL
“PMHL Group”	PMHL and its subsidiaries
“PMHL Share(s)”	ordinary share(s) in the share capital of PMHL

“PMHL Shareholder(s)”	holder(s) of PMHL Shares
“PMIL”	Prosperity Materials (International) Limited, a limited liability company incorporated in Hong Kong and 95%-owned by Mr. Wong and his associates
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC
“Pro-Rise” or “Purchaser”	Pro-Rise Business Limited, a company incorporated in BVI and a direct wholly-owned subsidiary of PMHL
“Prosperity Macao”	Prosperity Materials Macao Commercial Offshore Limited, a limited liability company incorporated in Macau wholly-owned by PMHL
“RMB”	Renminbi, the lawful currency of the PRC
“SGM”	a special general meeting of the Company to be convened to approve, <i>inter alia</i> , the Master Off-take Agreement, the Guangzhou Properties Agreement and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Buyback Mandate”	the authority granted by the PMHL Shareholders on 1 March 2010 to the PMHL Board to repurchase on-market up to 40,345,549 PMHL Shares
“Shareholder(s)”	holder(s) of the Shares
“Splendid City”	Splendid City Limited, an investment holding company incorporated in BVI whose entire issued share capital is owned by PMIL
“US\$”	US dollars, the lawful currency of the United States of America

“Xiamen Yangguang”	廈門陽光世紀房地產開發有限公司 (Xiamen Yangguang Shiji Property Development Company Limited*), a company incorporated under the laws of the PRC with limited liability
“ZCM Entities”	collectively, Zhong Cheng Mining (M) Sdn. Bhd, ZCM Minerals Sdn. Bhd and ZCM Resources Sdn. Bhd. All three companies are companies incorporated under the laws of Malaysia with limited liability
“Zhejiang Changxing”	浙江昌興投資有限公司 (Zhejiang Changxing Investment Company Limited*), a wholly foreign-owned enterprise established under the laws of the PRC and a wholly-owned subsidiary of PMHL
“%”	per cent.

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

Hong Kong, 31 May 2010

** For identification purpose only*

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

For the purposes of this announcement, unless otherwise specified, conversions of RMB, US\$ and GBP into HK\$ are based on the approximate exchange rate of US\$1.00 to HK\$7.8, RMB1.00 to HK\$1.14 and GBP1 to HK\$11.3 for the purposes of illustration only. No representation is made that any amount in HK\$, RMB, US\$ and GBP could have been or could be converted at the above rate or at any other rates.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no facts, the omission of which would make any statement in this announcement misleading.