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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)

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 53.89%-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 June 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), Ms. Gloria Wong, Mr. Kong Siu Keung and Mr. Johannes Petrus Mulder. The independent non-executive directors are Mr. Mo Kwok Choi, Mr. Yuen Kim Hung, Michael and Mr. Yung Ho.

* *for identification purpose only*

1 June 2010

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

Business Update

**Proposed Acquisition of Property Interests
Proposed Execution of Iron Ore Master Off-take Agreement
Shareholder Update on Share Buyback Authority**

Prosperity Minerals Holdings Limited (AIM: PMHL.L), which recently disposed of most of its cement manufacturing business in the People's Republic of China ("PRC") for a consideration of HK\$3,800 million (approximately £337.5 million), today announces that:

- It has entered into a number of conditional agreements for the acquisition of property interests (the "Proposed Acquisitions") in the PRC which, if completed, will result in real estate investment and development becoming a core business of the Company; and
- It has also entered into an iron ore master off-take agreement (the "Master Off-take Agreement") with a related party of the Company for the purpose of purchasing iron ore from Malaysia. There is no initial outlay associated with this agreement.

Certain of the Proposed Acquisitions and certain terms of the Master Off-take Agreement would constitute related party transactions and require approval of the Independent Directors of the Company, having first consulted the Company's Nominated Advisor, Daniel Stewart & Company plc, as to whether or not the terms of the acquisitions are fair and reasonable insofar as the Company's shareholders are concerned. PIHL's shareholders must also approve these transactions and so the transactions are expected to complete by 31 August 2010, once PIHL's shareholders have voted at a special general meeting of PIHL.

In addition, the Company is also updating shareholders on a proposed on-market share buyback and the current trading of the iron ore division.

Commenting, Mr. David Ben Koon Wong, Chairman and CEO of the Company, said:

"This announcement marks a number of exciting developments for the Company following the successful sale of the Group's cement business. With the proceeds, we have established a real estate division and are now looking to make a number of significant investments. Completion of the Fujian Joint Venture Agreement and the Guangzhou Properties Agreement will provide the Group with an immediate initial portfolio of property assets which will offer a blend of rental income, profit and capital appreciation through development and resale.

With regard to iron ore trading, the proposed Master Off-take Agreement has arisen through the Group's ordinary course of business and is intended to enhance its access to a reliable supply of iron ore at a competitive price. Prosperity will benefit from a larger supply of iron ore from Malaysia but will have no obligation to purchase the iron ore offered by Grace Wise if the Group is able to source iron ore at a cheaper price elsewhere.

Prosperity is entering a new phase in its development as a Company and I look forward with excitement and confidence to updating shareholders at the time of our results later this year."

REAL ESTATE INVESTMENTS

As previously announced, the Company 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, the Company has recently established a 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 PRC economy has been one of the best performing in terms of GDP growth over the last decade. Increased household income is creating a desire amongst ordinary Chinese citizens to improve their quality of life. The long term urbanisation plan of the PRC government is also bringing about an increased demand for high quality housing in cities. The Directors believe it is an opportune time for Prosperity to enter the PRC real estate market which recently entered its down cycle. There is also strong underlying demand in the PRC and excellent prospects in the medium to longer term.

The Fujian Joint Venture Agreement

On 31 May 2010, Zhejiang Changxing Investment Company Limited ("Zhejiang Changxing"), a wholly-owned subsidiary of the Company incorporated in the PRC, entered into a joint venture agreement (the "Fujian Joint Venture Agreement") with Xiamen Yangguang Shiji Property Development Company Limited ("Xiamen Yangguang"). Pursuant to this agreement, Zhejiang Changxing and Xiamen Yangguang agreed to establish a 50-50 joint venture company (the "Fujian JV Company") for the purpose of executing real estate developments on adjacent sites in Changtai County, Zhangzhou, Fujian Province.

The two developments form part of a comprehensive resort and residential development project, with a focus on hot spring resort facilities and ancillary high-end residential, commercial and recreational facilities.

Zhejiang Changxing will make an aggregate initial investment of RMB195 million (approximately £19.7 million) in exchange for 50% of the Fujian JV Company.

The maximum investment payable by Zhejiang Changxing is RMB480 million (approximately £48.6 million) which includes the RMB195 million (approximately £19.7 million) set out above.

The immediate funding required by the Company to meet its obligations under the Fujian Joint Venture Agreement will be sourced by the Company from its internal resources although the Company may, in due course, refinance such obligations.

The Guangzhou Properties Agreement

On 31 May 2010, Pro-Rise Business Limited ("Pro-Rise"), a wholly-owned subsidiary of the Company incorporated in the BVI, entered into a sale and purchase agreement (the "Guangzhou Properties Agreement") with Cheong Sing Merchandise Agency Limited ("Cheong Sing") and Splendid City Limited ("Splendid City") pursuant to which Pro-Rise conditionally agreed to acquire the entire equity interest in Bliss Hero Investment Limited ("Bliss Hero HK") which holds certain property interests in Guangzhou City.

Bliss Hero HK is an investment holding company incorporated in Hong Kong which holds the entire equity interest in Guangzhou Bliss Hero Real Estate Development Company Limited ("Bliss Hero GZ"), a wholly foreign-owned enterprise established under the laws of the PRC.

Bliss Hero GZ owns approximately 11,472 square metres of office and commercial space in SilverBay Plaza, situated in Guangzhou City, Guangdong Province. SilverBay Plaza was completed in 2004 and has a total gross floor area of approximately 19,900 square metres, comprising 26 floors and 2 underground floors. As 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 Guangzhou Fuchun Dongfang Real Estate Investment Co., Ltd ("Fuchun Dongfang"). 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 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. The aggregate floor area will be approximately 164,307 square metres. Construction work for Dongfang Wende Plaza has commenced and it is anticipated that the development will be completed by mid 2011 with pre-sale of two of the residential buildings scheduled for September 2010.

The consideration for the Guangzhou Properties Acquisition is the sum of (i) the consideration payable for the assignment of 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 completion date of the Guangzhou Properties Agreement; 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 PIHL.

Mr. David Ben Koon Wong ("Mr. Wong"), Chairman of both the Company and Prosperity International Holdings (H.K.) Limited ("PIHL"), 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. PIHL is the Company's controlling shareholder. Mr. Wong and persons acting in concert with him form the controlling shareholder of PIHL and therefore the indirect controlling shareholder of the Company.

Accordingly, completion of this related party transaction requires approval of the Independent Directors, having first consulted the Company's Nominated Advisor, Daniel Stewart & Company plc, as to whether or not the terms of the acquisition are fair and reasonable insofar as the Company's shareholders are concerned. PIHL's shareholders must also approve this transaction and so the transaction is therefore expected to complete by 31 August 2010, once PIHL's shareholders have voted at a special general meeting of PIHL.

THE MASTER OFF-TAKE AGREEMENT

On 31 May 2010, Prosperity Materials Macao Commercial Offshore Limited ("Prosperity Macao"), a wholly-owned subsidiary of the Company, entered into an iron ore master off-take agreement with Grace Wise Pte Limited ("Grace Wise"). Pursuant to this agreement, 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 the region.

The iron ore will be delivered between 1 May 2010 and 31 March 2013 (the "Off-take Period").

The Master Off-take Agreement prescribes the maximum value of US\$1,555 million (approximately £1,071.7 million) of the transaction 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 that it wishes to purchase. 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.

Grace Wise is indirectly 70% owned by Mr. Wong. Grace Wise and its affiliates have recently been formed to acquire the mining and production assets of certain Malaysian companies which have been involved in the mining, processing and export of iron ore since 2007. Prosperity Macao has been purchasing iron ore from these Malaysian companies for a number of years.

Accordingly, completion of this related party transaction up to the maximum value set out above requires approval of the Independent Directors, having first consulted the Company's Nominated Advisor, Daniel Stewart & Company plc, as to whether or not the terms of the acquisition are fair and reasonable insofar as the Company's shareholders are concerned. PIHL's shareholders must also approve this transaction and so the transaction is therefore expected to complete by 31 August 2010, once PIHL's shareholders have voted at a special general meeting of PIHL. The Master Off-take Agreement prescribes that, prior to the Company obtaining the approval of its Independent Directors pursuant to the AIM Rules and PIHL obtaining the approval of its Independent Shareholders pursuant to the HK Listing Rules, Prosperity Macao may enter into transactions with Grace Wise up to a maximum limit of US\$2,500,000 (approximately £1.7 million) (the "Lower Limit").

SHARE BUYBACK

Since the completion of the disposal of the cement manufacturing business to TCC International Limited, the Company has received enquiries from Shareholders whether it intends to use the on-market share buy-back approved by Shareholders at the extraordinary general meeting of Shareholders on 1 March 2010.

The Company 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 the Company has published its annual results, the Company 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 its Shares. The Company was also previously deemed inside by virtue of the hitherto undisclosed information included in this circular.

The share buyback by the Company pursuant to the share buyback mandate constitutes a deemed acquisition by PIHL of interests in the Company under the HK Listing Rules.

Based on the maximum share price of 170.88 pence payable under the share buyback mandate as at the date of this announcement, the Company would have to pay an aggregate of approximately £68,942,474 in order to exercise the share buyback mandate in full. Such level of cash utilisation would require PIHL to seek its shareholders' prior approval under the HK Listing Rules.

Given that the share buyback mandate is required to be refreshed at the next annual general meeting (expected to be some time in September 2010), the Company is unlikely to be able to utilise its share buyback mandate in full within the period between the publication of its annual results and its next annual general meeting.

The Company has therefore given PIHL an undertaking that it will not exercise its share buyback mandate to purchase more than £50.6 million of its own shares (equivalent to approximately 20% of its shares at the current price) pursuant to the share buyback mandate unless it has given prior notice to PIHL and any such further exercise is subject to PIHL complying with its obligations under the HK Listing Rules at the relevant time. This undertaking expires at the next annual general meeting of the Company.

Shareholders should note that the making and timing of any repurchase of the Company's Shares will always be at the discretion of the Board, taking into consideration, amongst other things, the future funding needs of the Company and the then current market price of the Shares.

AIM RULES IMPLICATIONS

The execution of the Fujian Joint Venture Agreement is a substantial transaction for the Company under Rule 12 of the AIM Rules.

Each of the Guangzhou Properties Agreement and the Master Off-take Agreement in respect of transactions above the Lower Limit constitutes a related party transaction under Rule 13 of the AIM Rules. Therefore, under AIM Rule 13, the Guangzhou Properties Agreement and completion of the Master Off-take Agreement in respect of transactions above the Lower Limit must be made conditional upon the approval of the Directors of the Company independent of the relevant transaction. The Independent Directors can only grant this approval after they have first consulted the Company's Nominated Adviser, Daniel Stewart & Company plc, as to whether or not the terms of the Master Off-take Agreement and the Guangzhou Properties Agreement respectively are fair and reasonable insofar as the Company's shareholders are concerned. This transaction is therefore expected to complete by 31 August 2010, once PIHL's shareholders have voted at a special general meeting of PIHL (see below).

HONG KONG STOCK EXCHANGE LISTING RULES IMPLICATIONS

The Company's controlling shareholder, 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") the Guangzhou Properties Agreement constitutes a non-exempt connected transaction (as defined in the HK Listing Rules) for PIHL while completion of the Master Off-take Agreement in respect of transactions above the Lower Limit constitutes a non-exempt continuing connected transaction (as defined in the HK Listing Rules) for PIHL.

Accordingly, under the HK Listing Rules, the Master Off-take Agreement must conform to certain annual caps and restrictions prescribed by the HK Listing Rules and both the Guangzhou Properties Agreement and completion of the Master Off-take Agreement in respect of transactions above the Lower Limit are subject to the approval of the independent shareholders of PIHL and certain disclosure requirements.

In the event that the independent shareholders of PIHL vote against the Company entering into the Guangzhou Properties Agreement and/or the Master Off-take Agreement, PIHL would be obliged to take such steps as necessary for the Company to terminate the Guangzhou Properties Agreement or the Master Off-take Agreement, as the case may be.

The HK Listing Rules also require PIHL to constitute an Independent Board Committee of PIHL comprising all Independent Non-executive Directors of PIHL to advise the Independent Shareholders of PIHL as to whether the terms of each of the Guangzhou Properties Agreement and the Master Off-take Agreement are on normal commercial terms and are fair and reasonable and whether the execution by the Company or its subsidiaries of these agreements are in the interests of PIHL and its shareholders as a whole, and to advise the Independent Shareholders of PIHL on how to vote in respect of the resolution to be tabled to consider the agreements. Also, as required by the HK Listing Rules, PIHL will appoint an independent financial adviser to advise the Independent Board Committee of PIHL.

NEXT STEPS

The Independent Board Committee of PIHL is required to review the Guangzhou Properties Agreement and the Master Off-take Agreement and to give its opinion of the fairness and reasonableness of the two transactions. As a result, the Independent Directors of the Company will defer approving the Guangzhou Properties Agreement and the Master Off-take Agreement until such time as they have also conferred with the Independent Board Committee of PIHL and the Company's Nominated Adviser.

The Company will release a further announcement as soon as practicable once a decision is made by its Independent Directors.

PIHL expects to despatch further information to its shareholders regarding the Guangzhou Properties Agreement and the Master Off-take Agreement. As and when PIHL provides such information to its shareholders, the Company will update its shareholders at the same time.

CURRENT TRADING

The current trading of the iron ore division is in line with market expectations.

During 2009, the PRC imported 628 million tonnes of iron ore, representing a 41% increase over 2008. Continuing along this trend, iron ore imports in the first quarter of 2010 was also 19% higher than the previous year, at 155 million tonnes.

Further details of the various transactions referred to in this release are set out below.

A copy of the relevant announcements of PIHL can be found on PIHL's website (www.pihl-hk.com).

Further enquiries:

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Notes to Editors:

Prosperity (AIM: PMHL) is an iron ore trading business serving the People's Republic of China ("PRC") and holds investments in entities involved in the manufacture and sale of cement and clinker in the same market.

Prosperity recently disposed of the majority of its cement business in the PRC but retained its 33.06% interest in Anhui Chaodong Cement Company Limited ("ACC"). ACC is located in Anhui Province in the eastern PRC. The designed sellable output capacity of clinker** and cement at ACC is 3.4 million tonnes per year. Prosperity is also in the process of acquiring a 25% equity interest in Liaoning Changqing Cement Co. Limited ("Liaoning Changqing"). Liaoning Changqing recently completed construction of a cement and clinker production line in Liaoning, PRC with a production capacity of 2 million tonnes per annum. Trial production commenced on 28 April 2010, the start of normal production is expected in September 2010.

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.

Following today's announcement, Prosperity now has a real estate division and, as outlined above, has entered into a number of agreements designed to build up a portfolio of PRC property and development assets.

**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.

INTRODUCTION

Prosperity Minerals Holdings Limited (AIM: PMHL.L), which recently disposed of most of its cement manufacturing business in the People's Republic of China ("PRC") for a consideration of HK\$3,800 million (approximately £337.5 million), today announces that:

- 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 a core business of the Group; and
- It has also entered into an iron ore master off-take agreement with a related party of the Company for the purpose of purchasing iron ore from Malaysia.

In addition, the Company is also updating shareholders on a proposed on-market share buyback.

REAL ESTATE INVESTMENTS

As previously announced, the Company 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, the Company 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 FUJIAN JOINT VENTURE AGREEMENT

On 31 May 2010, Zhejiang Changxing (a wholly-owned subsidiary of the Company incorporated in the PRC) entered into the Fujian Joint Venture Agreement with Xiamen Yangguang pursuant to which Zhejiang Changxing and Xiamen Yangguang agreed to establish the Fujian JV Company as a 50-50 joint venture for the purpose of executing two real estate developments (the Fujian Project) on adjacent sites in Changtai County, Zhangzhou, Fujian Province.

Xiamen Yangguang's obligations under the Fujian Joint Venture Agreement are guaranteed by Xiamen Dangdai, which is owned by two PRC individuals.

The Fujian Project comprises the Fujian Hot Spring and Resort Project and the Fujian Residential Project. The Fujian Hot Spring and Resort Project is primarily a hot spring and resort development project to be undertaken in the Fujian Hot Spring and Resort Project Site and the Fujian Residential Project is primarily a residential and ancillary facilities development project to be undertaken in the Fujian Project Site. The Fujian Hot Spring and Resort Project Site and the Fujian Project Site are adjacent pieces of land.

The major terms of the Fujian Joint Venture Agreement are as set out below.

Formation of joint venture

In order to form the Fujian Joint Venture:

- (a) Zhejiang Changxing (or the Designated Party) agreed to acquire from Xiamen Yangguang 50% of the equity interests in the Fujian JV Company for a consideration of RMB160 million (approximately £16.2 million), of which (i) RMB100 million (approximately £10.1 million) would be paid in cash to Xiamen Yangguang; and (ii) RMB60 million

(approximately £6.1 million) would be invested into the Fujian JV Company as shareholder's loan.

As at the date of this announcement, the entire amount due to Xiamen Yangguang in respect of the Fujian Hot Spring and Resort Project and one-third of the amount due to the Fujian JV Company has been paid in advance of completion. The balance of RMB40 million (approximately £4.1 million) will be paid in cash within 20 Business Days after the date on which the transfer of 50% of the equity interest in the Fujian JV Company to Zhejiang Changxing (or the Designated Party) is completed. In the event that completion does not occur, Xiamen Yangguang has 30 days to repay the advance.

- (b) Zhejiang Changxing agreed to acquire from Xiamen Yangguang 50% of the interests in the Fujian Residential Project for a consideration of RMB35 million (approximately £3.5 million).

Under the Fujian Joint Venture Agreement, it is contemplated that the Fujian Residential Project will be injected into the Fujian JV Agreement.

The entire amount due to Xiamen Yangguang in respect of Fujian Residential Project will be paid by 10 June 2010.

Funding

Under the Fujian Joint Venture Agreement, Zhejiang Changxing's (and/or the Designated Party's) maximum commitment to the Fujian Project is RMB480 million (approximately £48.4 million) of which:

- (a) RMB135 million (approximately £13.7 million) represents that amount paid by Zhejiang Changxing to Xiamen Yangguang for the 50% interest in the Fujian JV Company (including the Fujian Residential Project); and
- (b) RMB345 million (approximately £34.9 million) represents the maximum financial commitment (including capital contributions, shareholder's loan and provision of security) of Zhejiang Changxing (and/or the Designated Party) to the Fujian JV Company.

Apart from the initial payments due from Zhejiang Changxing (or the Designated Party) to Xiamen Yangguang and the Fujian JV Company:-

- (a) any further capital contribution or financial assistance to the Fujian JV Company shall be made on a pro rata basis based on the Fujian JV Parties' respective equity interests in the Fujian JV Company; and
- (b) no Fujian Joint Venture Party shall be required to provide loans or financial assistance to the Fujian JV Company unless both parties agree.

The Fujian JV Company may raise future funding from any lawful means at such interest rates and on such terms as the board of directors of the Fujian JV Company determines.

Board composition

- (a) The board of directors of the Fujian JV Company shall consist of six directors, of which Zhejiang Changxing (or the Designated Party) and Xiamen Yangguang shall each be entitled to nominate three directors.
- (b) The chairman shall be elected amongst the directors. The chairman shall not be entitled to a casting vote.

Termination of the Fujian Joint Venture

Zhejiang Changxing (or the Designated Party) shall be entitled to terminate the Fujian Joint Venture Agreement and request the full refund of all payments and/or contributions it made, together with interests thereon, if any of the following events happens:

- (a) there is a material breach of the representations and warranties given by Xiamen Yangguang and/or Xiamen Dangdai under the Fujian Joint Venture Agreement and such breaches are not rectified within the time period prescribed by Zhejiang Changxing (or the Designated Party);
- (b) the Fujian JV Company fails to acquire the land use rights in respect of a certain portion of the Fujian Hot Spring and Resort Site within a specific time period as set out in the Fujian Joint Venture Agreement; or
- (c) Xiamen Yangguang fails to refund all of Zhejiang Changxing's (and/or the Designated Party's) payments and/or contributions it made, together with interest thereon, as requested by Zhejiang Changxing (or the Designated Party) in accordance with the terms of the Fujian Joint Venture Agreement.

The Fujian Joint Venture Agreement will terminate automatically if the Fujian Joint Venture Parties become unable to perform their respective obligations under the Joint Venture Agreement because of changes in PRC government policy or relevant PRC laws and regulations affecting the performance of the Fujian Joint Venture Agreement, or failure to obtain the necessary government approvals. In which case, Zhejiang Changxing (and/or the Designated Party, as the case may be) shall be entitled to the full refund of all payments and/or contributions it made, together with interest thereon.

Information on the Fujian JV Company and the Fujian Project

The Fujian JV Company

The Fujian JV Company is a limited liability company incorporated under the laws of the PRC in 2005. Prior to the entering into of the Joint Venture Agreement, Xiamen Yangguang owned the entire equity interest in the Fujian JV Company.

As at the date of the Fujian Joint Venture Agreement:

- (a) Xiamen Yangguang has already made an initial investment of an aggregate amount of RMB120 million (approximately £12.2 million) for the payment of, *inter alia* (i) the requisition fees and the relocation expenses for 2,668 mu of the Fujian Hot Spring and Resort Project Site, (ii) the construction costs, (iii) the rents for 2,603 mu of the Fujian

Hot Spring and Resort Project Site and (iv) the land grant premium for the acquisition of the land use rights of 65 mu of the Fujian Hot Spring and Resort Project Site.

Pursuant to the Fujian Joint Venture Agreement, Zhejiang Changxing is responsible for 50% of Xiamen Yangguang's initial investment by paying the Fujian JV Company RMB60 million (approximately £6.1 million) as a shareholders' loan which the Fujian JV Company will use to repay Xiamen Yangguang.

- (b) Xiamen Yangguang has already invested an aggregate amount of RMB70 million (approximately £7.1 million) in the Fujian Residential Project for the payment of, *inter alia* (i) the requisition fees, the relocation expenses and the rents for 300 mu of the Fujian Residential Project Site, and (ii) the construction costs.

Pursuant to the terms of the Fujian Joint Venture Agreement, Xiamen Yangguang would transfer all the assets in respect of the Fujian Residential Project to the Fujian JV Company. Zhejiang Changxing is responsible for 50% of Xiamen Yangguang's initial investment by paying Xiamen Yangguang RMB35 million (approximately £3.5 million).

The sums referred to in (a) and (b) above have been included in the consideration payable by Zhejiang Changxing to Xiamen Yangguang. All future contributions for land acquisitions and related costs and taxes in respect of the Fujian Project will be borne by the Fujian Joint Venture Parties in equal share.

The following table sets out the financial information of the Fujian JV Company for the two years ended 31 December 2008 and 2009 based on the audited financial statements of the Fujian JV Company for the year ended 31 December 2008 and the unaudited financial statements of the Fujian JV Company for the year ended 31 December 2009 prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC:

	Year ended 31 December	
	2009 <i>RMB'000</i> <i>(unaudited)</i>	2008 <i>RMB'000</i> <i>(audited)</i>
Revenue	-	-
(Loss)/Profit before tax	(3,840)	-
Income tax	-	-
(Loss)/Profit for the year	(3,840)	-
	As at 31 December	
	2009 <i>RMB'000</i> <i>(unaudited)</i>	2008 <i>RMB'000</i> <i>(audited)</i>
Net assets	1,160	5,000

The Fujian Project

The Fujian Project is a comprehensive resort and residential development project, with a focus on hot spring resort facilities and ancillary high-end residential, commercial and recreational

facilities. The project comprises the Fujian Hot Spring and Resort Project and the Fujian Residential Project.

(a) The Fujian Hot Spring and Resort Project

The Fujian Hot Spring and Resort Project is primarily a hot spring and resort development project situated in Changtai County, Zhangzhou, Fujian Province, the PRC and bound by Chuanzhuang to the north, Jiaotai Road to the north-east, Tiantongshan to the south and Dakanshan to the west. The Fujian Hot Spring and Resort Project Site consist of a planning area of not less than 4,653 mu, of which 2,668 mu have been requisitioned and leased. The 1,500 mu of the Fujian Hot Spring and Resort Project Site are currently intended for commercial and residential use.

As at the date of the Joint Venture Agreement, the Fujian JV Company has paid (i) the land grant premium for the acquisition of the land use rights of 65 mu of the Fujian Hot Spring and Resort Project Site; and (ii) the rents for 2,603 mu of the Fujian Hot Spring and Resort Project Site.

The Fujian Hot Spring and Resort Project will consist of three phases, which upon completion will comprise commercial area, hot spring resort area, high-end residential units and clubhouses.

(b) Fujian Residential Project

The Fujian Residential Project is primarily a residential and ancillary facilities development project which is also situated at Changtai County, Zhangzhou, Fujian Province. The Fujian Residential Project Site (which is adjacent to the Fujian Hot Spring and Resort Project) currently has an area of approximately 300 mu, which has already been requisitioned and leased by Xiamen Yangguang. In respect of the area of 300 mu, Xiamen Yangguang will procure the transfer of the lease of 200 mu to the Fujian JV Company within one month from the date of the Joint Venture Agreement.

The Fujian JV Company will acquire the land use rights of the remaining 100 mu of the Fujian Residential Project Site and the land grant premium shall be funded by the Fujian Joint Venture Parties equally by way of shareholders' loans or any other means as agreed by the Fujian Joint Venture Parties to the Fujian JV Company. The 100 mu of the Fujian Residential Project Site to be acquired by the Fujian JV Company are currently intended for residential use.

Xiamen Yangguang is responsible for negotiating the land acquisition of the remaining 100 mu.

Information on Zhejiang Changxing, Xiamen Yangguang, Xiamen Dangdai and the Group

Zhejiang Changxing is a wholly foreign-owned enterprise incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Company. Zhejiang Changxing is an investment holding company.

Xiamen Yangguang is a limited liability company incorporated under the laws of the PRC and a wholly-owned subsidiary of Xiamen Dangdai. The principal business of Xiamen Yangguang is real estate development.

Xiamen Dangdai is a limited liability company incorporated under the laws of the PRC, wholly owned by two PRC individuals.

The Company's shares are admitted to trading on AIM.

At present, the Group is principally engaged in (i) the trading of iron ore; and (ii) holds investments in entities involved in the manufacturing and sale of cement and clinker in the PRC.

Financial effects of the Fujian Joint Venture Agreement

The aggregate consideration of RMB195 million (approximately £19.7 million) for 50% of the Fujian JV Company (including the Fujian Residential Project) represents a premium of RMB100 million (approximately £10.1 million) for Xiamen Yangguang's 50% of the Fujian JV Company (including the Fujian Residential Project). The consideration has been arrived at after arm's length negotiation by reference to the development potentials of the Fujian JV Project.

The Fujian JV Company will be accounted for as a jointly controlled entity of the Company.

Pursuant to the Fujian Joint Venture Agreement, the maximum contributions payable by Zhejiang Changxing (and/or the Designated Party) is RMB480 million (approximately £48.6 million) consisting of (i) RMB 100 million (approximately £10.1 million) paid to Xiamen Yangguang, (ii) RMB60 million (approximately £6.1 million) payable to Fujian JV Company as Zhejiang Changxing's (or the Designated Party's) 50% share of the initial investment in the Fujian Hot Spring and Resort Project, (iii) RMB35 million (approximately £3.5 million) payable to Xiamen Yangguang as Zhejiang Chanxing's 50% share of the initial investment in the Fujian Residential Project, and (iv) RMB285 million (approximately £28.9 million) as additional contributions to the Fujian Project. It is currently expected that the funding required by the Group to meet its immediate obligations under the Fujian Joint Venture Agreement will be sourced by the Group from its internal resources.

Implications of the Fujian Joint Venture under the AIM Rules

The execution of the Fujian Joint Venture Agreement is a substantial transaction for the Company under Rule 12 of the AIM Rules but does not require the approval of shareholders at a special or ordinary meeting.

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 Bliss Hero HK which holds certain property interests in Guangzhou City, the PRC.

Further details of the Guangzhou Properties Agreement are set out below.

Assets to be acquired

Under the Guangzhou Properties Agreement, Pro-Rise will acquire:

- (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 associates 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 (less minority interests) of Bliss Hero HK as at 31 March 2010 after taking into consideration a property valuation to be carried out as at 31 March 2010 by an independent property valuer to be appointed by the Company and PIHL.

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 (approximately £19.5 million) (the Guangzhou Properties Deposit) shall be paid upon the signing of the Guangzhou Properties Agreement. As at the date of this announcement, the Guangzhou Properties Deposit has already been paid by Pro-Rise to Splendid City; and
- (b) the remaining amount of the Consideration of shall be paid in full upon the 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 (approximately £37.7 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 HK\$447.3 million (approximately £39.6 million). The Directors were informed that there would be no significant change between the net asset values of Bliss Hero between 31 December 2009 and 31 March 2010. The Company will 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 (approximately £37.7 million).

To the extent that the Bliss Hero's Loan as at the Guangzhou Properties Completion Date falls short of HK\$425.9 million (approximately £37.7 million), an amount equal 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 (approximately £37.7 million), an amount equal to such surplus shall be added to the Guangzhou Properties Consideration.

The Company and PIHL have appointed the Independent Valuer to provide an independent valuation of the Guangzhou Properties as at 31 March 2010, such valuation to be carried out following the signing of the Guangzhou Property 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 the Guangzhou Properties Agreement is not materially lower than the net asset value of Bliss Hero HK as at the time 31 March 2010, in each case, without taking into consideration the revaluation of the Guangzhou Properties.

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 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 the Company, and (ii) the Independent Shareholders of PIHL respectively;
- (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 the Guangzhou 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 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 holds the entire equity interest in Bliss Hero GZ, a wholly foreign-owned enterprise established under the laws of the PRC with limited liability.

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, 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.

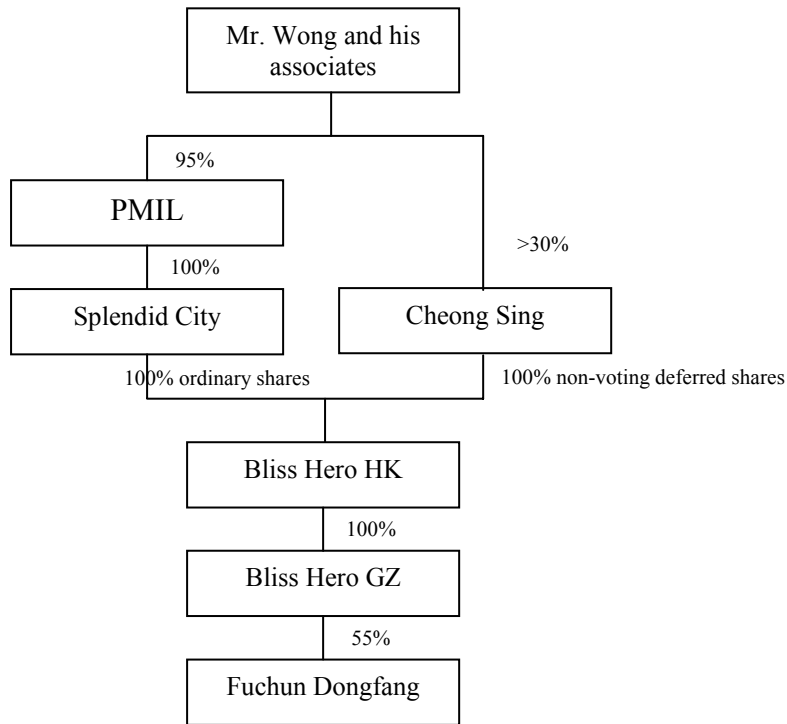
SilverBay Plaza was completed in 2004 and, as at the date of this announcement, the office and commercial space owned by Bliss Hero HK has a 90% occupancy rate.

In addition, Bliss Hero GZ holds a 55% interest in Fuchun Dongfang, a limited liability company established under the laws of the PRC with limited liability. 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 related to the Company or any of its related 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 on which a development project known as Dongfang Wende Plaza is under construction. 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.

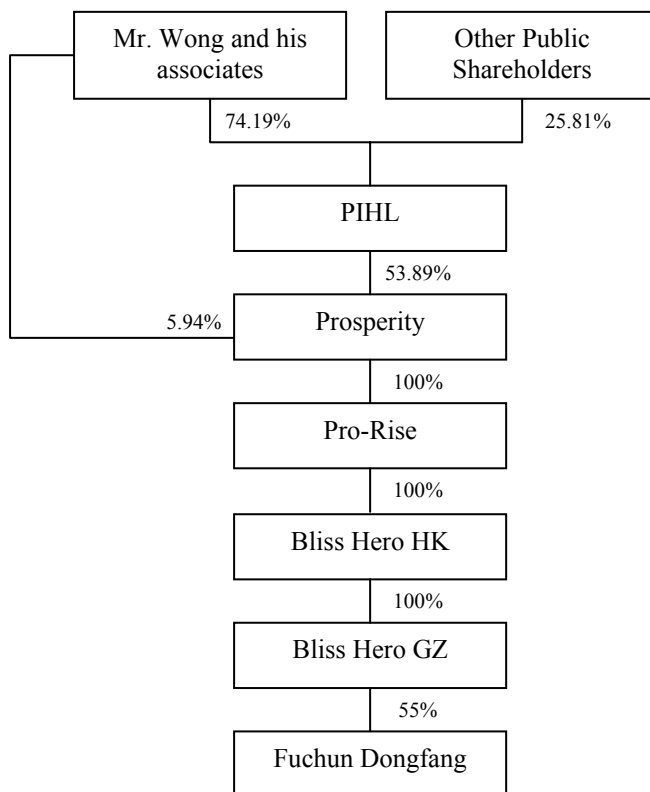
Construction work for Dongfang Wende Plaza has commenced and it is anticipated that the development will be completed by mid 2011 with pre-sale of two of the residential buildings scheduled for September 2010.

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

The following diagram illustrates the shareholding structure of the Splendid City 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 a wholly-owned subsidiary of the Company and its results will be consolidated in the consolidated financial statements of the Company.

Information on Splendid City, Cheong Sing and the Group

Splendid City is an investment holding company incorporated in the BVI and is 95% owned by Mr. Wong, the Chairman of both the Company and PIHL, and his associates. Mr. Wong and persons acting in concert also form the controlling shareholder of PIHL and therefore the indirect controlling shareholder of the Company.

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 the British Virgin Islands and a direct wholly-owned subsidiary of the Company.

The Company's shares are admitted to trading on AIM.

At present, the Group is principally engaged in (i) the trading of iron ore; and (ii) holds investments in entities involved in the manufacturing and sale of cement and clinker in the PRC.

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 its 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 March 2008 and 2009 based on the unaudited consolidated balance sheet of Bliss Hero HK as at 31 March 2008 and 2009, both of which were 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>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

Implications of the Guangzhou Properties Agreement under the HK Listing Rules

Mr. Wong and his associates are together interested in 30% of 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 a connected person of PIHL. Under the HK Listing Rules, the Guangzhou Properties Agreement also constitutes a non-exempt connected transaction for PIHL and is subject to the approval of the Independent Shareholders of PIHL and certain disclosure requirements.

In the event that the Independent Shareholders of PIHL vote against the Company entering into the Guangzhou Properties Agreement, PIHL would be obliged to take such steps as necessary to procure the Company not to enter into the Guangzhou Properties Agreement.

As Mr. Wong is interested in the Guangzhou Properties Agreement, the Wong Concert Party is not permitted to vote at the general meeting of PIHL convened to consider, and if relevant, approve the Guangzhou Properties Agreement.

The HK Listing Rules also require PIHL to constitute an Independent Board Committee of PIHL comprising all Independent Non-executive Directors of PIHL to advise the Independent Shareholders of PIHL as to whether the terms of the Guangzhou Properties Agreement are on normal commercial terms and are fair and reasonable and whether the Guangzhou Properties Acquisition is in the interests of PIHL and its shareholders as a whole, and to advise the Independent Shareholders of PIHL on how to vote in respect of the Guangzhou Properties Acquisition at the general meeting to be convened for this purpose. As required by the HK Listing Rules, PIHL will appoint an independent financial adviser to advise the Independent Board Committee of PIHL.

Implications of the Guangzhou Properties Agreement under the AIM Rules

The Guangzhou Properties Agreement constitutes a related party transaction under Rule 13 of the AIM Rules as Mr. Wong is ultimately the controlling shareholder of the Company. Therefore, under AIM Rule 13, the Guangzhou Properties Agreement must be made conditional upon the approval of the Independent Directors of the Company. The Independent Directors of the Company can only grant this approval after they have first consulted the Company's Nominated Adviser as to whether or not the terms of the Guangzhou Properties Agreement are fair and reasonable insofar as the Company's shareholders are concerned.

As the Independent Board Committee of PIHL is also required to review the Guangzhou Properties Agreement and to give its opinion of the fairness and reasonableness of the transaction, the Independent Directors of the Company will defer approving the Guangzhou Properties Agreement until such time as they have also conferred with the Independent Board Committee of PIHL and the Company's Nominated Adviser.

The Company will release a further announcement as soon as practicable once a decision is made by the Independent Directors of the Company.

Reasons for and benefits of the Fujian Joint Venture and the Guangzhou Properties Acquisition

As previously announced, the Company 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, the Company 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 in which Mr. Wong, Chairman of both the Company and PIHL, has considerable experience. Soon after the signing of the agreement to dispose of the cement business, the Company established a property development and investment division and appointed a general manager with relevant PRC real estate experience and expertise. The property division has identified the two Guangzhou Properties and the Fujian Project as initial acquisition targets with good capital and income potential.

The Guangzhou Property Acquisition, if completed, will give the Group immediate access to an initial portfolio of property assets and rental income arising from property development and investments.

The Fujian Hot Spring and Resort Project and the Fujian Residential Project are early stage projects in their initial planning stages which, if completed, will give the Group a large scale development project to add to its portfolio.

The Board considers the establishment of the Fujian Joint Venture to be in the interest of the Company and its shareholders as a whole.

As far as the Guangzhou Properties Acquisition is concerned, the Board (other than the Independent Directors of the Company) also consider it to be in the best interest of the Company and its shareholders as a whole to complete the acquisition on the terms set out in the Guangzhou Properties Agreement. The Independent Directors of the Company will only give their view regarding the Guangzhou Properties Acquisition after they have conferred with the Independent Board Committee of PIHL and the Company's Nominated Adviser.

It is intended that the consideration for the Guangzhou Properties Acquisition and the Fujian Joint Venture will be funded from the internal resources of the Company although the Group may, in due course, refinance such projects.

THE MASTER OFF-TAKE AGREEMENT

On 31 May 2010, Prosperity Macao, a wholly-owned subsidiary of the Company, had entered into the 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 £1,071.7 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.
- (c) 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 tonnes.
- (d) Each consignment of iron ore shall be purchased by Prosperity Macao from Grace Wise upon the following bases:
 - (i) on normal commercial terms and upon terms which are not less favourable to

Prosperity Macao than terms available to the Prosperity Macao from independent third parties exporting similar quantity of iron ore of the applicable specifications in Malaysia to the destination specified by Prosperity Macao; and

- (ii) 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.
- (e) 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 sell the remaining iron ore to third parties.

Prosperity will pay the consideration for the purchase of the 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

Dato' Hoe Beng Tan ("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 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 Mr. 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 the Master Off-take Agreement

The 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 Group shipped 5.2 million tonnes.

In order to trade iron ore, it is essential that the Group has access to a reliable supply of iron ore at a competitive price. The 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 Board considers it to be beneficial for the Group to continue to source its supply of iron ore from Malaysia through Grace Wise.

Given the long standing relationship between the Group and Mr. Tan and Mr. Wong's position as Director of the Company, the Board believes that the Master Off-take Agreement would allow the 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 ending 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

The Company's majority shareholder, PIHL, is listed on the HKSE and under the HK Listing Rules, the Master Off-take Agreement constitutes a non-exempt continuing connected transaction for PIHL and is subject to the approval of the Independent Shareholders of PIHL and certain disclosure requirements.

The Master Off-take Agreement provides that prior to obtaining the approval of the Independent Shareholders of PIHL, the aggregate value of the transaction between Prosperity Macao and Grace Wise will not exceed US\$2,500,000 (approximately £1.7 million) (equivalent to under 2.5% of the applicable percentage ratios of the HK Listing Rules) (the "Lower Limit").

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

In addition, the HK Listing Rules also require the Group to cap the value of its annual transactions with Grace Wise. As the actual value of the transaction between Prosperity Macao and Grace Wise varies depending on the prevailing market price 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 Grace Wise and PIHL 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 cap without first consulting PIHL 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 ¹	450 ²	880 ³

¹ Assumption 1: 1.5 million tonnes of iron ore at US\$150 per tonne (until the approval of the Independent Shareholders of PIHL is obtained, the annual cap is US\$2.5 million);

² Assumption 2: 2.5 million tonnes of iron ore at US\$180 per tonne;

³ Assumption 3: 4.0 million tonnes of iron ore at US\$220 per tonne.

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) 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 of PIHL (including the Independent Non-executive Directors of PIHL) have advised the Company that they consider that (a) the terms of the Master Off-take Agreement are on normal commercial terms and are fair and reasonable and (b) it would be in the interest of PIHL and its shareholders as a whole to enter into the Master Off-take Agreement up to the Lower Limit pending the approval of the Independent Shareholders of PIHL being sought as it will allow Prosperity Macao to continue obtaining its uninterrupted supply of iron ore.

However, the Independent Non-executive Directors of PIHL 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 PIHL and the shareholders of PIHL as a whole after having reviewed the advice from the independent financial adviser of the PIHL.

As required by the HK Listing Rules, PIHL has advised that:

- (a) it will appoint an independent financial adviser to advise its shareholders whether the Master Off-take Agreement and the Annual Caps are in the interest of PIHL and its shareholders;
- (b) it will constitute an Independent Board Committee of PIHL to advise the Independent Shareholders of PIHL as to whether the terms of the Master Off-take Agreement and the Annual Caps is in the interest of PIHL and its shareholders as a whole. The independent financial adviser to be appointed by PIHL will advise the Independent Board Committee of PIHL.

Implications of the Master Off-take Agreement under the AIM Rules

The Master Off-take Agreement constitutes a related party transaction under Rule 13 of the AIM Rules as Mr. Wong is a Director of the Company. Therefore, under AIM Rule 13, the Master Off-take Agreement must be made conditional upon the approval of the Independent Directors of the Company if it exceeds 5% of any of the class tests of the AIM Rules. The Independent Directors of the Company can only grant this approval after they have first consulted the Company's Nominated Adviser as to whether or not the terms of the Master Off-take Agreement are fair and reasonable insofar as the Company's shareholders are concerned.

As the Independent Board Committee of PIHL is also required to review the Master Off-take Agreement and to give its opinion of the fairness and reasonableness of the transaction, the

Independent Directors of the Company will not grant approval for the Company to exceed the Lower Limit until such time as they have also conferred with the Independent Board Committee of PIHL and the Company's Nominated Adviser.

The Company will release a further announcement as soon as practicable once a decision is made by the Independent Directors of the Company.

SHARE BUYBACK

Since the completion of the disposal of the cement manufacturing business to TCC International Limited, the Company has received enquiries from Shareholders whether it intends to use the on-market share buy-back approved by Shareholders at the extraordinary general meeting of Shareholders on 1 March 2010.

The Company 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 the Company has published its annual results, the Company 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 its Shares.

It is the Directors' intention, subject to market conditions and pricing, to use some of the proceeds from the disposal to repurchase Shares in the market with a view to closing the pricing gap between the net asset value per Share and the current market price per Share.

Pursuant to the authority granted by the Shareholders on 1 March 2010:-

- (a) the Company can repurchase up to 40,345,549 of its own Shares (approximately 30% of the Company's issued share capital) at a maximum price to be paid per share of an amount equal to 120 per cent. of the average of the closing mid-market price of such 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 authority 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 the Company;
- (c) up to 10% of the repurchased Shares may be held in treasury.

The share buyback by the Company pursuant to the share buyback mandate constitutes a deemed acquisition by PIHL of interests in the Company under the HK Listing Rules.

Based on the maximum price of 170.88 pence payable under the share buyback mandate at the date of this announcement, the Company would have to pay an aggregate of approximately £68,942,000 in order to exercise the share buyback mandate in full. Such level of cash utilisation would require PIHL to seek its shareholders' prior approval under the HK Listing Rules.

Given that the share buyback mandate is required to be refreshed at the next annual general meeting (expected to be some time in September 2010), the Company is unlikely to be able to utilise its share buyback mandate in full within the period between the publication of its annual results and its next annual general meeting.

The Company has therefore given PIHL an undertaking that it will not exercise its share buyback mandate to purchase more than £50.6 million of its own shares (equivalent to approximately 20%

of its shares at the current price) pursuant to the share buyback mandate unless it has given prior notice to PIHL and any such further exercise is subject to PIHL complying with its obligations under the HK Listing Rules at the relevant time. This undertaking expires at the next annual general meeting of the Company.

Shareholders should note that the making and timing of any repurchase of the Company's Shares will always be at the discretion of the Board, taking into consideration, amongst other things, the future funding needs of the Company and the then current market price of the Shares.

GENERAL

PIHL expects to despatch further information to its shareholders regarding the Guangzhou Properties Agreement, the Master Off-take Agreement and the Annual Caps. As and when PIHL provides such information to its shareholders, the Company will update its shareholders at the same time.

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"	the 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 the 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 ending 31 March 2011, 2012 and 2013;
"associate(s)"	has the meaning ascribed to it under the HK Listing Rules;
"Bliss Hero GZ"	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;
"Bliss Hero HK Group"	Bliss Hero HK and its subsidiaries;
"Bliss Hero HK Group Companies"	The companies within Bliss Hero HK Group;
"Bliss Hero Sale Shares"	the entire issued share capital of Bliss Hero HK;

"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 Guanzhou Properties Completion Date;
"Board"	the Board of Directors of the Company;
"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 and is 100% owned by Mr. Wong and his associates;
"Company"	Prosperity Minerals Holdings Limited, a company incorporated in Jersey and whose shares are admitted to trading on AIM;
"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;
"Designated Party"	a subsidiary of Prosperity designated by Zhejiang Changxing;
"Directors"	Directors of the Company, and "Director" means any one of them;
"Fuchun Dongfang"	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 Hot Spring and Resort Site"	the proposed hot spring and resort development project to be undertaken by the Fujian JV Company on the Fujian Hot Spring and Resort Project Site;
"Fujian Hot Spring and Resort Project"	certain land parcels situated in Changtai County, Zhangzhou, Fujian Province, the PRC, as more particularly set out in the paragraph headed "Information on the Fujian JV Company and the Fujian Project";

"Fujian Joint Venture"	the joint venture to be established between Zhejiang Changxing and Xiamen Yangguan on the terms of the Fujian Joint Venture Agreement for the purpose of carrying out the Fujian Project;
"Fujian Joint Venture Agreement"	the joint venture agreement dated 31 May 2010 and entered into by Zhejiang Changxing, Xiamen Yangguang and Xiamen Dangdai pursuant to which Zhejiang Changxing and Xiamen Yangguang agreed to establish the Fujian JV Company to carry out the Fujian Project in Changtai County, Zhangzhou, Fujian Province, the PRC;
"Fujian Joint Venture Parties"	collectively, Zhejiang Changxing (or the Designated Party, as the case may be) and Xiamen Yangguang, and a "Joint Venture Party" shall mean any of them;
"Fujian JV Company"	Changtai Jinhongbang Property Development Company Limited, a company incorporated under the laws of the PRC with limited liability;
"Fujian Project"	collectively, the Fujian Hot Spring and Resort Project and the Fujian Residential Project;
"Fujian Residential Project"	the proposed primarily residential and ancillary facilities development project to be undertaken by Fujian JV Company on the Fujian Residential Project Site;
"Fujian Residential Project Site"	certain land parcels situated in Changtai County, Zhangzhou, Fujian Province, the PRC, as more particularly set out in the paragraph headed "Information on the Fujian JV Company and the Fujian Project";
"Grace Wise"	Grace Wise Pte Limited, a company incorporated under the laws of Singapore with limited liability;
"Group"	the Company and its subsidiaries;
"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 North 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"	the sale and purchase agreement dated 31 May 2010 entered

"Agreement"	into between Splendid City, Cheong Sing and Pro-Rise 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 Guangzhou Properties 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 (approximately £19.5 million) paid by Pro-Rise to Splendid City 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 of PIHL"	the board committee of the PIHL board comprising all independent non-executive directors of PIHL established by the PIHL board to advise the Independent Shareholders of PIHL on the Guangzhou Properties Acquisition and the Master Off-take Agreement;
Independent Directors of the Company"	Directors of the Company independent of Mr. Wong;
"Independent Shareholders of PIHL "	shareholders of PIHL other than Mr. Wong and his associates (including the Wong Concert Parties);
"Independent Valuer"	Jones Lang LaSalle Sallmans, the independent valuer appointed by PIHL and the Company to value to Guangzhou Properties;

"Kingsley"	Kingsley Mining Inc, a limited liability company incorporated under the laws of the BVI;
"Lower Limit"	US\$2.5 million (approximately £1.7 million), being 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 of PIHL;
"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 the 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 the BVI and which is presently wholly-owned by Dato' Hoe Beng and his associates;
"mu"	a measurement for the area of land commonly used in the PRC which is equivalent to approximately 666.7 square metres or approximately 0.165 acres;
"Mr. Tan"	Dato' Hoe Beng Tan, a Singaporean individual;
"Mr. Wong"	Mr. David Ben Koon Wong, Chairman and Chief Executive Officer of the Company and Chairman and Executive Director of PIHL;
"Nominated Adviser"	Daniel Stewart & Company plc, the Company's s nominated adviser;
"Off-take Period"	the effective period of the Master Off-take Agreement being from 1 May 2010 to 31 March 2013;
"PIHL"	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;
"Prosperity Macao"	Prosperity Materials Macao Commercial Offshore Limited, a limited liability company incorporated in Macau wholly owned by the Company;

"PMIL"	Prosperity Materials (International) Limited, a limited liability company incorporated in Hong Kong whose entire issued share capital is owned by Mr. Wong and 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 with limited liabilities and a direct wholly-owned subsidiary of the Company;
"RMB"	Renmenbi, the lawful currency of the PRC;
"SGM"	a special general meeting of PIHL 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) in the share capital of the Company;
"Shareholder(s)"	holder(s) of the Shares;
"Splendid City" or "Vendor"	Splendid City Limited, a limited liability company incorporated in BVI whose entire issued share capital is owned by Mr. Wong and his associates;
"US\$"	US dollars, the lawful currency of the United States of America;
"Wong Concert Party"	Mr. Wong and person acting in concert with him;
"Xiamen Dangdai"	Xiamen Dangdai Property Group Company Limited, a company incorporated under the laws of the PRC with limited liability;
"Xiamen Yangguang"	Xiamen Yangguang Shiji Property Development Company Limited, a company incorporated under the laws of the PRC with limited liability and a wholly-owned subsidiary of Xiamen Dangdai;
"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"	Zhejiang Changxing Investment Company Limited, a wholly foreign-owned enterprise established under the laws of the PRC and a wholly-owned subsidiary of the Company;
"%"	per cent.

Hong Kong, 31 May 2010

For the purposes of this announcement, the following reference exchange rates were used:-

US\$ 1.00 : RMB 6.8305

US\$ 1.00 : HK\$ 7.7876

US\$ 1.00 : £ 0.6919