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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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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)**

**CONNECTED TRANSACTION  
IN RELATION TO THE ACQUISITION OF  
25% EQUITY INTERESTS IN  
LIAONING CHANGQING CEMENT CO. LTD**

**Independent Financial Advisers**

**AmCap**

***Ample Capital Limited***

**豐盛融資有限公司**

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Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" of this circular.

\* *For identification purposes only*

14 June 2010

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## DEFINITIONS

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*In this circular, the following expressions shall, unless the context otherwise requires, have the following meanings:*

“Acquisition”	the acquisition of 25% equity interests in Liaoning Changqing by Sintex from the Vendor on the terms of the Equity Transfer Agreement
“AIM”	AIM market of the London Stock Exchange plc
“Ample Capital”	Ample Capital Limited, a licensed corporation to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition
“Announcement”	the announcement of the Company dated 24 May 2010 in relation to the Acquisition
“associate(s)”	has the meaning ascribed to it under the HK Listing Rules
“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
“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
“Consideration”	RMB 100 million (approximately HK\$114 million), being the consideration for the Acquisition
“Controlling Shareholders”	Well Success Group Limited, Prosperity Minerals Group Limited, Max Start Holdings Limited, Max Will Profits Limited, Mr. Wong and his spouse, which are collectively interested in 4,093,753,540 Shares (representing approximately 74.19% of the issued share capital of the Company as at the Latest Practicable Date). Well Success Group Limited, Prosperity Minerals Group Limited, Max Start Holdings Limited, Max Will Profits Limited and the spouse of Mr. Wong are all associates of Mr. Wong
“controlling shareholder”	has the meaning given to it under the HK Listing Rules

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## DEFINITIONS

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“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 TCCI, as more particularly set out in the circular of the Company dated 1 February 2010
“Equity Transfer Agreement”	the equity transfer agreement dated 22 May 2010 and entered into between the Vendor as vendor and Sintex as purchaser in respect of the sale and purchase of 25% equity interests in Liaoning Changqing
“Group”	the Company and its subsidiaries from time to time
“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 as to whether the terms of the Equity Transfer Agreement are on normal commercial terms and are fair and reasonable and whether the Acquisition is in the interests of the Company and the Shareholders as a whole
“Independent Shareholders”	Shareholders who do not have a material interest in the transactions contemplated under the Equity Transfer Agreement
“Latest Practicable Date”	11 June 2010, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Liaoning Changqing”	遼寧昌慶水泥有限公司 (Liaoning Changqing Cement Co. Ltd*), an equity joint venture enterprise established in the PRC in which Kiton Limited, an indirectly wholly-owned subsidiary of TCCI, and the Vendor hold 75% and 25% equity interests, respectively
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers, as set out in Appendix 10 of the HK Listing Rules

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## DEFINITIONS

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“Mr. Wong”	Mr. Wong Ben Koon, the Chairman of the Board and an executive Director, and the Chairman and Chief Executive Officer of PMHL
“Percentage Ratios”	the percentage ratios under Rule 14.07 of the HK Listing Rules
“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 Group”	PMHL and its subsidiaries
“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Sintex”	Sintex International Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of PMHL
“TCCI”	TCC International Holdings Limited, a company incorporated in the Cayman Islands whose shares are listed and traded on the Main Board of HKSE
“Vendor”	遼寧燕州築興水泥有限公司 ( <i>Liaoning Yan Zhou Zhu Xing Cement Co., Limited*</i> ), a limited liability company incorporated under the laws of the PRC
“%”	per cent.

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LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Mr. Wong Ben Koon (*Chairman*)  
Mr. Sun Yong Sen (*Deputy Chairman*)  
Mr. Mao Shuzhong (*Chief Executive Officer*)  
Mr. Kong Siu Keung  
Mr. Johannes Petrus Mulder  
Ms. Wong Gloria

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Principal place of business in Hong Kong:*

Suites 1801-6  
Tower 2  
The Gateway  
25 Canton Road  
Tsim Sha Tsui  
Kowloon  
Hong Kong

*Independent non-executive Directors:*

Mr. Mo Kwok Choi  
Mr. Yuen Kim Hung, Michael  
Mr. Yung Ho

14 June 2010

*To the Shareholders*

Dear Sir or Madam,

**CONNECTED TRANSACTION  
IN RELATION TO THE ACQUISITION OF  
25% EQUITY INTERESTS IN  
LIAONING CHANGQING CEMENT CO. LTD**

**INTRODUCTION**

Reference is made to the Announcement pursuant to which PMHL (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, announced that on 22 May 2010, Sintex, an indirect wholly-owned subsidiary of PMHL, entered into the Equity Transfer Agreement with the Vendor pursuant to which Sintex had conditionally agreed to purchase 25% equity interests in Liaoning Changqing from the Vendor for the Consideration of RMB 100 million (approximately HK\$114 million).

\* For identification purposes only

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide with, among other things, (i) further details of the Equity Transfer Agreement and the transactions contemplated thereunder; and (ii) other information required under the HK Listing Rules.

### THE EQUITY TRANSFER AGREEMENT

The principal terms of the Equity Transfer Agreement are set out below.

Date: 22 May 2010

Parties: (1) 遼寧燕州築興水泥有限公司 (Liaoning Yan Zhou Zhu Xing Cement Co., Limited\*) - as vendor  
(2) Sintex International Limited - as purchaser

#### *Assets to be acquired*

25% equity interests in Liaoning Changqing.

#### *Conditions precedent*

Completion of the Equity Transfer Agreement is conditional upon the fulfilment of, *inter alia*, the following conditions:

- (a) the Equity Transfer Agreement having been approved by the PRC government or regulatory authorities; and
- (b) the Company having complied with the relevant requirements under the HK Listing Rules, including having obtained approval from the Independent Shareholders, with regard to the execution and performance of the Equity Transfer Agreement.

#### *Consideration*

The Consideration for the Acquisition is RMB 100 million (approximately HK\$114 million), which shall be paid by Sintex in cash in the following manner:

- (a) Sintex shall pay a sum of RMB90 million (approximately HK\$102.6 million) within 7 Business Days after all the conditions have been satisfied and the Vendor has established a foreign currency account for the receipt of the Consideration; and
- (b) the remaining balance of the Consideration of RMB10 million (approximately HK\$11.4 million) shall be paid in full within 7 Business Days after the relevant PRC government authorities have completed the registration for the transfer of the 25% equity interests in Liaoning Changqing and issued a new business licence for Liaoning Changqing.

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## LETTER FROM THE BOARD

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The Consideration was arrived at after arm's length negotiation between the Vendor and Sintex, taking into consideration, among other things, (i) the prospective price-earnings ratio of 5.4 times represented by the Consideration on a forecast net profit of approximately US\$10.7 million (approximately HK\$84.0 million) of Liaoning Changqing for the year ended 31 March 2011; and (ii) the net asset value of approximately RMB 218.5 million (approximately HK\$249.1 million) of Liaoning Changqing as at 30 April 2010 as shown in its unaudited management accounts prepared in accordance with the International Financial Reporting Standards and its interpretations adopted by the International Accounting Standards Board. As set out in the section headed "Information on Liaoning Changqing" of this circular, 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 3 March 2010 and the start of normal production is expected in September 2010. The profit forecast of Liaoning Changqing was prepared on the basis of the information available to the Group immediately before the completion of the Disposal but after Liaoning Changqing commenced its trial production and on the assumption that there is no material change in the business plan of Liaoning Changqing after the Disposal.

The Group will satisfy the Consideration in cash from its internal resources.

### REASONS FOR AND BENEFITS OF THE ACQUISITION

Liaoning Changqing was established as an equity joint venture between the PMHL Group and the Vendor in 2007. Immediately before completion of the Disposal, the PMHL Group and the Vendor held 75% and 25% equity interests, respectively. Following completion of the Disposal on 30 April 2010, Liaoning Changqing has become an indirect 75%-owned subsidiary of TCCI.

The Vendor recently approached PMHL indicating that it wished to sell its 25% interest in Liaoning Changqing because it did not wish to be locked-in a joint venture with an unfamiliar party (TCCI). The Vendor requested PMHL to help find a buyer for its interests in Liaoning Changqing.

Given that PMHL has a long established relationship with both the Vendor and TCCI, and the PMHL Directors believe that the price sought by the Vendor was reasonably attractive, the PMHL Board took the view that it would be in the interests of PMHL and its shareholders if PMHL were to purchase the 25% equity interest in Liaoning Changqing from the Vendor. The PMHL Board believed that PMHL would have the opportunity to sell the 25% interests in Liaoning Changqing at a higher valuation after the plant has started production.

The Board has also been advised by the PMHL Board that the PMHL Group will treat the 25% equity interests in Liaoning Changqing as investment and will not participate in the management and operation of Liaoning Changqing.

In view of the above, the Board concurred with the views of the PMHL Board and considers that the Acquisition would be in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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### INFORMATION ON LIAONING CHANGQING

Liaoning Changqing is an equity joint venture enterprise established in the PRC in which Kiton Limited, an indirect wholly-owned subsidiary of TCCI, and the Vendor hold 75% and 25% equity interests, respectively.

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 3 March 2010, the start of normal production is expected in September 2010.

Upon completion of the Acquisition, Liaoning Changqing will become an associated company of the Company in which the Company has an approximately 13.47% effective interest and will be so treated in the consolidated financial statements of the Company.

### FINANCIAL INFORMATION OF LIAONING CHANGQING

The following table sets out the financial information of Liaoning Changqing for the two years ended 31 December 2009 and 2008 based on the unaudited financial statements of Liaoning Changqing for the two years ended 31 December 2009 and 31 December 2008 respectively prepared in accordance with the International Financial Reporting Standards and its interpretations adopted by the International Accounting Standards Board:

	Year ended 31 December			
	2009		2008	
	<i>RMB</i> <i>(unaudited)</i>	<i>HK\$</i> <i>(unaudited)</i>	<i>RMB</i> <i>(unaudited)</i>	<i>HK\$</i> <i>(unaudited)</i>
<b>Revenue</b>	0	0	0	0
<b>Loss for the year</b>	9,064,000	10,332,960	0	0

  

	As at 31 December			
	2009		2008	
	<i>RMB</i> <i>(unaudited)</i>	<i>HK\$</i> <i>(unaudited)</i>	<i>RMB</i> <i>(unaudited)</i>	<i>HK\$</i> <i>(unaudited)</i>
<b>Net assets</b>	223,659,000	254,971,260	125,205,000	142,733,700

### INFORMATION ON SINTEX, THE GROUP AND THE VENDOR

Sintex is an investment holding company incorporated in Hong Kong and an indirect 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 the AIM.

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## LETTER FROM THE BOARD

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The Group is principally engaged in (i) 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.

The Vendor is a limited liability company incorporated under the laws of the PRC and is principally engaged in the manufacturing and sale of cement and steel products. The Vendor is beneficially owned by two PRC individuals who have been the directors of Liaoning Changqing since its establishment in 2007.

### IMPLICATIONS UNDER THE HK LISTING RULES

Sintex is an indirect 53.89%-owned subsidiary of the Company. The Vendor is beneficially owned by two directors of Liaoning Changqing and Liaoning Changqing was an indirect 75%-owned subsidiary of the Company immediately before the completion of the Disposal. Therefore, the Vendor is an associate of past directors of a subsidiary of the Company and hence a connected person of the Company under the HK Listing Rules. The Acquisition constitutes a connected transaction for the Company.

As the applicable Percentage Ratios for the Acquisition exceed 2.5%, the Acquisition is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the HK Listing Rules.

As none of the Shareholders has a material interest in the transactions contemplated under the Equity Transfer Agreement, none of them would be required to abstain from voting if a general meeting of the Company were to be convened to approve the terms of, and the transactions contemplated under, the Equity Transfer Agreement. Pursuant to Rule 14A.43 of the HK Listing Rules, on 24 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 Latest Practicable Date), to approve the terms of, and the transactions contemplated under, the Equity Transfer Agreement.

The Company has applied to HKSE for, and HKSE has conditionally granted to the Company, a waiver from strict compliance with the requirement to convene a general meeting of the Company to approve the terms of, and the transactions contemplated under, the Equity Transfer Agreement, on the basis that the terms of, and the transactions contemplated under, the Equity Transfer Agreement have been approved by a written approval of the Controlling Shareholders.

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 Equity Transfer Agreement are on normal commercial terms and are fair and reasonable and whether the Acquisition is in the interests of the Company and the Shareholders as a whole. The Company has also appointed Ample Capital to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Equity Transfer Agreement are on normal commercial terms and are fair and reasonable and whether the Acquisition is in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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### RECOMMENDATIONS

Your attention is drawn to:

- (a) the letter from the Independent Board Committee, the text of which is set out on page 10 of this circular; and
- (b) the letter from Ample Capital, the independent financial adviser, setting out their advice to the Independent Shareholders and the Independent Board Committee with respect to the terms of the Equity Transfer Agreement, the text of which is set out on page 12 of this circular.

The Independent Board Committee, having taken into account the advice of Ample Capital, considers that the terms and conditions of the Equity Transfer Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors) are of the view that the Equity Transfer Agreement and the transactions contemplated thereunder are in the ordinary course of business of the Company and are on normal commercial terms, the terms of which are fair and reasonable and the entering into of the Equity Transfer Agreement is in the interests of the Company and the Shareholders as a whole. As none of the Directors has a material interest in the Acquisition, none of the Directors is required to abstain from voting on the resolution of the Board to approve the Equity Transfer Agreement and the transactions contemplated thereunder.

### ADDITIONAL INFORMATION

Your attention is also drawn to the information set out in the appendix to this circular.

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

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**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

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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)**

*Independent Board Committee:*

Mr. Mo Kwok Choi

Mr. Yuen Kim Hung, Michael

Mr. Yung Ho

*Registered office:*

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

14 June 2010

*To the Independent Shareholders*

Dear Sir or Madam,

**CONNECTED TRANSACTION  
IN RELATION TO THE ACQUISITION OF  
25% EQUITY INTERESTS IN  
LIAONING CHANGQING CEMENT CO. LTD**

We have been appointed as members of the Independent Board Committee to advise you in respect of the Equity Transfer Agreement, details of which are set out in the “Letter from the Board” in the circular of the Company dated 14 June 2010 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

Your attention is drawn to the letter of advice from Ample Capital Limited, as set out on pages 12 to 22 of the Circular, which contains its advice and recommendations to us and the Independent Shareholders in respect of the Equity Transfer Agreement, as well as the principal factors and reasons for its advice and recommendation.

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**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

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Having considered the respective factors and reasons considered by, and the opinions of, Ample Capital Limited as stated in the aforementioned letter of advice, we are of the opinion that the terms and conditions of the Equity Transfer Agreement and the transactions contemplated thereunder are in the ordinary course of business of the Group, are of normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Yours faithfully,

**INDEPENDENT BOARD COMMITTEE**

**PROSPERITY INTERNATIONAL HOLDINGS (H.K.) LIMITED**

<b>Mr. Mo Kwok Choi</b>	<b>Mr. Yuen Kim Hung, Michael</b>	<b>Mr. Yung Ho</b>
<i>Independent non-executive</i>	<i>Independent non-executive</i>	<i>Independent non-executive</i>
<i>Director</i>	<i>Director</i>	<i>Director</i>

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## LETTER FROM THE AMPLE CAPITAL

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*The following is the text of the letter of advice to the Independent Board Committee and the Independent Shareholders from Ample Capital Limited dated 14 June 2010 with respect to the Equity Transfer Agreement for incorporation in this circular:-*



14 June 2010

*To the Independent Board Committee and the Independent Shareholders  
of Prosperity International Holdings (H.K.) Limited*

Dear Sirs and Madams,

### **CONNECTED TRANSACTION ACQUISITION OF 25% EQUITY INTERESTS IN LIAONING CHANGQING CEMENT CO. LTD.**

#### **INTRODUCTION**

Ample Capital Limited has been appointed by the Company to act as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders, pursuant to the requirements of the HK Listing Rules, in relation to the acquisition of 25% equity interests in Liaoning Changqing Cement Co. Ltd., details of which are set out in the circular issued by the Company (the "Circular") to the Shareholders dated 14 June 2010.

This letter sets out our advice in respect of the terms of the Equity Transfer Agreement for inclusion in the Circular. Unless otherwise defined or the context otherwise requires, all terms defined in the Circular shall have the same meaning when used in this letter.

On 22 May 2010, Sintex, an indirect 53.89%-owned subsidiary of the Company, and the Vendor entered into the Equity Transfer Agreement pursuant to which Sintex had conditionally agreed to purchase 25% equity interests in Liaoning Changqing from the Vendor for the Consideration of RMB100million (approximately HK\$114 million).

The Vendor is beneficially owned by two directors of Liaoning Changqing and Liaoning Changqing was an indirect non wholly-owned subsidiary of the Company immediately before the completion of the Disposal on 30 April 2010 which was within the last 12 months from the date of the Equity Transfer Agreement. Hence, the Vendor is an associate of past directors of a subsidiary of the Company and a connected person of the Company under the HK Listing Rules. As the applicable Percentage Ratios for the Acquisition exceed 2.5%, the Acquisition constituted a non-exempt connected transaction of the Company under Chapter 14A of the HK Listing Rules that requires the approval of the Independent Shareholders.

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## LETTER FROM THE AMPLE CAPITAL

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The Company has applied for and the HKSE has conditionally granted a waiver from strict compliance with the requirement of holding a general meeting to approve the terms of, and the transactions contemplated under, the Equity Transfer Agreement, subject to the satisfaction of the two conditions under Rule 14A.43 of the HK Listing Rules. We understand that (i) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the terms of, and the transactions contemplated under, the Equity Transfer Agreement; and (ii) the Company has obtained a written independent Shareholders' approval dated 24 May 2010 of the Controlling Shareholders (who are closely allied Shareholders and together hold 4,093,753,540 Shares, representing approximately 74.19% of the existing issued share capital of the Company giving the right to attend and vote at the general meeting of the Company to approve the Acquisition). Accordingly, no special general meeting of the Company will be convened for the purpose of approving the Acquisition.

The Independent Board Committee comprising all three independent non-executive Directors, namely Messrs. Mo Kwok Choi, Yuen Kim Hung, Michael and Yung Ho has been established to advise the Independent Shareholders in respect of the Acquisition.

### **BASIS OF ADVICE**

In formulating our opinions and recommendations, we have relied on the information supplied to us by the Company and the opinions expressed by, and the representations of, the Directors and the management of the Company, including those set out in the Circular. We have assumed that all the information and representations so supplied by the Directors and/or the management of the Company and all information, opinions and representations referred to or contained in the Circular, for which the Directors and the Company are solely and wholly responsible, were true, accurate, complete and not misleading at the time they were supplied, expressed or made, and remained so up to the date of the Circular. No representation or warranty, expressed or implied, is made by us on the accuracy, truth or completeness of such information, opinions and/or representations. We have no reason to doubt the truth, accuracy and completeness of the information and presentation provided to us by the Directors.

We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have performed all the necessary steps to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion. The Directors, having made all reasonable enquiries, have confirmed that to the best of their knowledge and belief the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in the Circular misleading.

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## LETTER FROM THE AMPLE CAPITAL

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While we have taken reasonable steps to satisfy the requirements under the HK Listing Rules, we have not carried out any independent verification of the information, opinions or representations given or made by or on behalf of the Company, nor have we conducted an independent investigation into the business affairs or assets and liabilities of the Group or any of the other parties involved in the Acquisition.

In the event of inconsistency, the English text of this letter shall prevail over the Chinese translation of this letter.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion regarding the terms of the Equity Transfer Agreement, we have taken into consideration the following principal factors and reasons:

#### A. BACKGROUND INFORMATION

##### 1. Business Information

###### *The Group*

According to the interim report 2010 of the Company (“Interim Report”), the Group is principally engaged in four major business segments namely, (i) manufacture and sale of clinker and cement; (ii) trading of iron ore; (iii) trading of clinker, cement and building materials; and (iv) mining and processing of granite and selling of granite products. We noted that the Group through a 25% owned joint venture, is also engaged in the operation of public port and the provision of other related services in the PRC.

On 21 December 2009, the Company announced the conditional disposal by PMHL, a subsidiary of the Company, of most of its manufacture and sale of clinker and cement business in the PRC by the sale of the entire issued share capital of Upper Value Investments Ltd. (the “Target Company” and together with its subsidiaries, the “Target Group”) and certain shareholder loans outstanding from the Target Group in the amount of approximately HK\$1,093 million for HK\$3,800 million. The interests in Prosperity Minerals Investment Limited, Anhui Chaodong Cement Co., Ltd. and Prosperity Minerals Management Ltd. (together the “Excluded Companies”) were not included in the Disposal. We notice that the 75% interest in Liaoning Changqing indirectly owned by the Target Company formed part of the assets that were disposed of under the Disposal. It was subsequently announced that the Disposal was completed on 30 April 2010. Further details of the disposal could be found in the circular of the Company of 1 February 2010.

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## LETTER FROM THE AMPLE CAPITAL

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### *Liaoning Changqing*

Liaoning Changqing is an equity joint venture enterprise established on 14 December 2007 in the PRC for the manufacture of clinker and cement at the production facilities to be constructed at sites located at Liaoyang City, Liaoning Province, the PRC with registered capital of RMB 239 million (approximately HK\$272 million). Prior to the Disposal, Liaoning Changqing was owned as to 75% and 25% by the Target Group and the Vendor respectively. Upon completion of the Disposal, Liaoning Changqing is owned as to 75% and 25% by Kiton Limited, an indirectly wholly-owned subsidiary of TCCI, and the Vendor respectively.

We understand that the construction of the production facilities was completed recently and trial production commenced on 3 March 2010. It is also expected that normal production will start in September 2010. Based on discussions with management of the Company, we are given to understand that most of the development cost (including construction cost) has been paid and the Board is not aware of any forthcoming equity fund raising requirement by Liaoning Changqing.

## 2. Financial Information

Based on information provided by the Company, we have summarised below for ease of reference information on (i) the unaudited financial results for the two years ended 31 December 2009; and (ii) unaudited net assets position as at 31 December 2008, 31 December 2009 and 30 April 2010 of Liaoning Changqing based on unaudited financial statements of Liaoning Changqing:

### (a) *Financial Results*

	Year ended 31 December			
	2009		2008	
	RMB'000	HK\$'000	RMB'000	HK\$'000
Revenue	0	0	0	0
Loss for the year	(9,064)	(10,333)	0	0

### (b) *Net Assets Position*

	As at 30 April 2010		As at 31 December 2009		As at 31 December 2008	
	RMB'000	HK\$'000	RMB'000	HK\$'000	RMB'000	HK\$'000
	Net Assets	218,500	249,100	223,659	254,971	125,205

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## LETTER FROM THE AMPLE CAPITAL

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As the Group's previously held 75% interest in Liaoning Changqing, which was included as part of the assets of the Target Group, was disposed of under the Disposal recently (within six months prior to the date of the Equity Transfer Agreement), we have summarised below the net assets (liabilities) (net of minority interests) of the Target Group and the Excluded Companies for ease of reference:

	<b>Net Assets/(Liabilities)</b> <b>As at 30 September 2009</b> <i>HK\$'000</i>
The Target Group (including the Excluded Companies)	605,654#
The Excluded Companies	<u>(38,314)#</u>
Net Assets of the Target Group (excluding the Excluded Companies)	<u>643,968</u>

# Source: announcement of the Company dated 4 January 2010

### **B. REASONS FOR THE ACQUISITION**

It is stated in the letter from the Board contained in the Circular that the Vendor approached PMHL indicating its wish to sell its 25% interest in Liaoning Changqing because it did not wish to be locked-in a joint venture with an unfamiliar party (TCCI). The Vendor requested PMHL to find a buyer. The PMHL Board believed that (i) the price sought by the Vendor was reasonably attractive; and (ii) PMHL would have the opportunity to sell the 25% interest in Liaoning Changqing at a higher valuation after the plant has started production. The Board concurred with the views of the PMHL Board. We also noticed that the Acquisition would be treated as an investment and the PMHL Group will not participate in the management or operation of Liaoning Changqing.

In assessing the reasonableness and fairness of the Consideration in sub-section C under the heading "CONSIDERATION AND PAYMENT TERMS" below, we noted that the price to book ratio ("PB Ratio") for the Disposal by applying the consideration for the Disposal of the Target Group (excluding the Excluded Companies) to the net assets (net of minority interests) was approximately 4.20 times. For illustrative purpose, if applying such PB Ratio to the Acquisition on the net assets of Liaoning Changqing as at 30 April 2010 of approximately HK\$249.1 million, the valuation of Liaoning Changqing would be approximately HK\$1,046.9 million and accordingly the hypothetical price for 25% interest in Liaoning Changqing would be approximately HK\$261.7 million. The price of approximately HK\$114 million demanded by the Vendor represents a discount of approximately 56.4% to such hypothetical price. Hence, we concur with the Board that the price demanded by the Vendor was reasonably attractive.

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## LETTER FROM THE AMPLE CAPITAL

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Liaoning Changqing has not been profitable since its establishment in December 2007 as it was mainly involved in the development and construction of the production facilities for the manufacturing of clinker and cement at its sites in Liaoning Province, the PRC. We notice that trial production commenced in March 2010 and based on information provided by the Company, we noted that the forecast profit of Liaoning Changqing for the year ending 31 March 2011 is expected to be approximately US\$10.7 million (approximately HK\$84.0 million) (“Profit Forecast”).

We are given to understand that the Profit Forecast was prepared by PMHL and we have obtained a comfort letter from the Broad that in their opinion the Profit Forecast has been made after due and careful enquiry. In reviewing the Profit Forecast, we take note that there is no track record of Liaoning Changqing for reference for its first year of production. Save for such pitfall and barring any unforeseen circumstances, we believe that Liaoning Changqing will revert to a profitable situation for the year ending 31 March 2011 and thus have a positive impact on the enhancement of the future value of the Group’s investment therein. For the avoidance of doubt, there is no guarantee that the actual profit for the year ending 31 March 2011 of Liaoning Changqing would not be less than US\$10.7 million (approximately HK\$84.0 million).

Whilst we note that the reason given in the announcement of the Company of 21 December 2009 for the Disposal was that the cement business was a capital intensive industry and the Group has to continually invest in new production facilities in order to maintain its market leadership position, we understand that Liaoning Changqing has completed the construction of its production lines and there is no forthcoming equity fund raising requirement. It was also stated that the capital requirement for the cement business would limit the flexibility of the Group to invest in other businesses that could yield a better return. Given the attractive price of the Acquisition and the potential enhancement of the value of Liaoning Changqing as set out above, we consider the investment in Liaoning Changqing without participation in its management or operation is consistent with the Board’s decision to dispose of the cement business under the Disposal but just this time the investment for a better return is also in the cement business.

In view of the above, we consider that the Acquisition is conducted in the ordinary and usual course of business of the Group and is in the interest of the Company and the Shareholders as a whole.

### **C. CONSIDERATION AND PAYMENT TERMS**

#### **1. Consideration**

The Company has stated in the Announcement that the Consideration was arrived at after arm’s length negotiations between Sintex and the Vendor with reference to the net asset value of Liaoning Changqing as at 30 April 2010.

In assessing the fairness and reasonableness of the Consideration, we tried to search for publicly available information on recent acquisition of non-controlling interest in the manufacture of clinker and cement business but to the best of our knowledge, no such comparable case could be found.

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## LETTER FROM THE AMPLE CAPITAL

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However, we notice from the announcement of 1 June 2010 of China Resources Cement Holdings Limited, a company the shares of which are listed on HKSE, that it has recently acquired an effective interest of 72% in Shanxi Fulong Cement Limited (“Fulong”). Similar to Liaoning Changqing, Fulong has not commenced business and is in the process of constructing its clinker and cement production lines. If applying the consideration of approximately HK\$561.6 million to the attributable audited net assets of Fulong as at 31 December 2009 of approximately HK\$190.5 million, the resulting PB Ratio would be approximately 2.95 times. Nevertheless, it must be observed that China Resources Cement Holdings Limited was acquiring a majority interest which is different from the Acquisition.

On the other hand, we consider that the Disposal to be the most suitable comparison for our analysis after taking into consideration the following facts:

- (a) the Target Group being disposed of under the Disposal is principally engaged in the manufacture of clinker and cement business which is in line with that of Liaoning Changqing and in fact, the 75% interest in Liaoning Changqing previously held by the Group formed part of the assets of the Target Group that were disposed of under the Disposal; and
- (b) the Disposal was announced on 21 December 2009 and was recently completed on 30 April 2010 all of which took place within six months from the date of the Equity Transfer Agreement.

In the course of our analysis, we attempted to obtain a breakdown of the consideration of HK\$3,800 million for the Disposal for each company in the Target Group, in particular, for the 75% interest in Liaoning Changqing. But after conducting discussions with management of the Company, we were advised that no specific figure has being allocated to each individual company of the Target Group and the consideration for the Disposal covered the manufacture of clinker and cement business of the Target Group as a whole. Under such circumstances, we would base our comparison on the financial information of the Target Group as a whole.

In addition, we are of the view that comparable historical price/earnings ratio (“PE Ratio”) analysis is not an appropriate approach for the Acquisition as Liaoning Changqing will only commence normal production in September 2010 and there is no track record for referencing. Thus, we would concentrate on the PB Ratio analysis.

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## LETTER FROM THE AMPLE CAPITAL

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Based on information available to us, we have summarised below certain financial data of the Disposal and Acquisition for ease of reference:

	<b>Consideration</b> <i>Approximately</i> <i>HK\$'million</i>	<b>Attributable Net</b> <b>Assets Involved</b> <i>Approximately</i> <i>HK\$'million</i>	<b>Price/ Book Ratio</b>
Disposal — Target Group	2,706.8	644.0	4.20
	<i>(Note)</i>	<i>(as at 30 September 2009)</i>	
Acquisition — Liaoning Changqing	114.0	62.3 <i>(as at 30 April 2010)</i>	1.83

*Note:* After deducting the relevant shareholders' loan of approximately HK\$1,093 million (assuming the transfer of the benefits of such loan was arrived at on a dollar-to-dollar basis) from the consideration of HK\$3,800 million.

From the above table, it is observed that the PB Ratio represented by the Consideration for the Acquisition of 1.83 times is at a discount of approximately 56.4% to that represented by the consideration for the Disposal of 4.20 times. Whilst we are aware that the price for the acquisition of a non-controlling interest (i.e. 25% in this case) should be at a discount to that for a controlling stake, we are only expecting the discount to be in the range of 10% to 20%.

According to information as set out in APPENDIX II under the heading "UNAUDITED PRO FORMA FINANCIAL INFORMATION ON THE REMAINING GROUP" of the circular of the Company dated 1 February 2010 in relation to the Disposal, we observed that the fair value of the net assets (net of minority interest) of the Target Group as at 30 September 2009 was approximately HK\$1,261 million. If we base the computation of the PB Ratio on such fair value, the resulting PB Ratio would be adjusted to 2.15 times which is still higher than the 1.83 times for the Acquisition. As a result, the discount will also be narrowed to approximately 14.9%.

In light of the above analysis, we concur with the Directors that the price demanded by the Vendor is reasonably attractive and the Consideration is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Additionally, we notice from information furnished by the Company that the Board has also taken into consideration the prospective PE Ratio of 5.4 times represented by the Consideration on a forecast profit of approximately US\$10.7 million (approximately HK\$84.0 million) of Liaoning Changqing for the year ending 31 March 2011 when making the decision on the Acquisition. Our comments on the Profit Forecast has been set out in sub-section B under the heading "REASONS FOR THE ACQUISITION" of this letter. Notwithstanding that we are already of the view that the Consideration is fair and reasonable as discussed above, we would look into the prospective PE Ratio and base our analysis on the assumption that the Profit Forecast is achievable.

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## LETTER FROM THE AMPLE CAPITAL

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For the purpose of an assessment of the Consideration using the trading multiples analysis, we have reviewed and compared the market statistics of listed companies in Hong Kong which are principally engaged in the manufacture of clinker and cement business. Details of our findings are summarised in the table below:

<b>Company Name (Stock Code)</b>	<b>Year-end Date</b>	<b>Price/ Earnings Ratio (Note )</b>
Anhui Conch Cement Company Ltd. (00914)*	31 Dec 2009	19.92
Asia Cement (China) Holdings Corporation (00743)	31 Dec 2009	7.54
China Resources Cement Holdings Ltd. (01313)	31 Dec 2009	7.83
China Shanshui Cement Group Ltd. (00691)	31 Dec 2009	11.59
Luks Group (Vietnam Holdings) Company Ltd. (00366)	31 Dec 2009	15.98
TCC International Holdings Ltd. (01136)*	31 Dec 2009	29.10
	<b>maximum</b>	<b>29.10</b>
	<b>minimum</b>	<b>7.54</b>
	<b>average</b>	<b>15.33</b>

*Source:* The website of the Stock Exchange (www.hkex.com.hk)

*Note:* Based on the closing prices of the respective shares on 20 May 2010, being the last trading day immediately before the date of the Equity Transfer Agreement, and audited earnings per share ("EPS") as indicated in the latest published annual reports of the respective listed companies (other than \* which was based on the adjusted EPS after taking into account capital changes such as consolidation of shares and rights issue since 31 December 2009).

From the above table, we note that the PE Ratios range from approximately 7.54 to 29.10 times with an average of approximately 15.33 times. The prospective PE Ratio of 5.4 times attributable to the Acquisition falls outside the range and is even below the minimum PE Ratio of 7.54 times.

Based on the aforesaid analysis, we are of the opinion that the Consideration for the Acquisition is fair and reasonable and in the interests of the Company and the Shareholders as a whole also in terms of prospective PE Ratio.

## 2. Payment Terms

We notice from the letter from the Board contained in the Circular that the Consideration for the Acquisition would be payable by the Group in cash in two tranches:

- (a) RMB90 million (approximately HK\$102.6 million) within seven Business Days after all the conditions have been satisfied; and

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## LETTER FROM THE AMPLE CAPITAL

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- (b) the remaining balance of RMB10 million (approximately HK\$11.4 million) within seven Business Days after the relevant PRC government authorities have completed the registration for the transfer of the 25% equity interests in Liaoning Changqing and issued a new business licence.

We further note that no deposit is payable by the Group and the Consideration will be financed by the Group's internal resources. It is observed from the Interim Report that the Group has bank and cash balances of approximately HK\$335.7 million as at 30 September 2009. Furthermore, the Company has stated in its announcement of 30 April 2010 that an aggregate amount of HK\$3,600 million of the consideration for the Disposal had been received. Hence, we believe the payment of the Consideration by the Group would not have any adverse financial impact on the Group.

To summarise and based on our analysis and comparison above, we are of the view that the Consideration and the payment terms contemplated under the Equity Transfer Agreement are on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

### D. FINANCIAL EFFECTS

It is stated in the Letter from the Board contained in the Circular that upon completion of the Acquisition, Liaoning Changqing will become an associated company of the Company in which the Company has an approximately 13.47% effective interest and will be so treated in the consolidated financial statements of the Company. Thus, the Group would benefit through the share of results of associates of the future profit of Liaoning Changqing.

Given that the Group has substantial amount of cash in hand after the Disposal to pay for the Consideration and a gain of approximately HK\$774 million attributable to the Group upon the completion of the Disposal, we are of the view that the Acquisition would not have any material financial effects on the Group whether in terms of earnings, cashflow or gearing ratio.

### ADVICE

To summarise, in arriving at our advice, we have taken into consideration all the reasons and factors discussed above, in particular the following:

- the PB Ratio for the Acquisition is at a substantial discount to that for the recent disposal of similar assets by the Group under the Disposal ;
- Liaoning Changqing has completed the development of its production facilities and commenced trial production in March 2010; and
- Liaoning Changqing is expected to revert to a profitable situation for the year ending 31 March 2011 and thus have a positive impact on the enhancement of the value of the Group's investment therein.

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## LETTER FROM THE AMPLE CAPITAL

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Having considered the above principal factors and reasons, we are of the opinion that the Acquisition is conducted in the ordinary and usual course of business of the Company and the terms of the Equity Transfer Agreement are on normal commercial terms, fair and reasonable so far as the Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, should a general meeting of the Shareholders be held for the purpose of considering and, if thought fit, approving the Equity Transfer Agreement, we would advise the Independent Shareholders, and also the Independent Board Committee to recommend to the Independent Shareholders, to vote in favour of the ordinary resolution to approve the Equity Transfer Agreement and the Acquisition contemplated thereunder.

Yours faithfully,

For and on behalf of

**Ample Capital Limited**

**Howard H. W. Tang**

*President*

**Fiona M.Y. Lau**

*Senior Vice President*

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the HK Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (a) Directors

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations which were required (a) to be notified to the Company and HKSE pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under such provisions of the SFO); (b) to be and were recorded in the register required to be kept pursuant to Section 352 of the SFO; or (c) to otherwise be notified to the Company and HKSE pursuant to the Model Code, were as follows:

#### *Long position in the Shares and underlying Shares*

Name of Director/ chief executive	Number of Shares and underlying Shares held, capacity and nature of interest					Percentage of the Company's issued share capital
	Directly beneficially owned	Through controlled corporation	Interest of Director's spouse	Number of underlying Shares held under equity derivatives	Total	
Mr. Wong	1,357,123,699	2,719,629,841 <i>(Note)</i>	17,000,000	60,000,000	4,153,753,540	75.28

*Note:* Mr. Wong is interested in 319,176,000 Shares through his interests in Well Success Group Limited (“**Well Success**”), which is owned as to 31.47% by Mr. Wong, 10.13% by Mr. Ng Hon Fai (formerly a Director) and 58.4% by Advance Success Limited (“**Advance Success**”). Advance Success is equally owned by Mr. Wong and Madam Hon Ching Fong (“**Madam Hon**”). Mr. Wong is the sole director of Advance Success. In addition, Mr. Wong is interested in 2,155,933,029 Shares, 122,260,406 Shares and 122,260,406 Shares through his interest in Prosperity Minerals Group Limited, Max Start Holdings Limited and Max Will Profits Limited, respectively, and each of which is owned as to 65% by Mr. Wong.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares and debentures of the Company or any of its associated corporations which was required (a) to be notified to the Company and HKSE pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which he/she was taken or deemed to have under such provisions of the SFO); (b) which was required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) which was required, pursuant to the Model Code, to be notified to the Company and HKSE.

As at the Latest Practicable Date, none of the Directors had any interest, either directly or indirectly, in any assets which have been, since 31 March 2009, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group. No Director was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group taken as a whole.

**(b) Substantial shareholders**

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the general meetings of any other member of the Group:

*Long position in the Shares and underlying Shares*

<b>Name</b>	<i>Notes</i>	<b>Capacity/ nature of interest</b>	<b>Number of Shares</b>	<b>Percentage of the Company's issued share capital</b>
Well Success	(a)	Directly beneficially owned	319,176,000	5.78
Advance Success	(a) & (b)	Interest of controlled corporation	319,176,000	5.78
Madam Hon	(a), (b) & (c)	Interest of controlled corporation	2,719,629,841	49.30
Ms. Shing Shing Wai	(d)	Interest of spouse Directly beneficially owned	4,136,753,540 17,000,000	
			4,153,753,540	75.28
Prosperity Minerals Group Limited	(c)	Directly beneficially owned	2,155,933,029	39.07

*Notes:*

- (a) The entire issued share capital of Well Success is beneficially owned as to 31.47% by Mr. Wong, as to 10.13% by Mr. Ng Hon Fai (formerly a Director) and as to 58.4% by Advance Success. Advance Success is deemed to be interested in the same number of Shares in which Well Success is interested under the SFO.
- (b) Advance Success is equally owned by Mr. Wong and Madam Hon. Mr. Wong is the sole director of Advance Success. Each of Mr. Wong and Madam Hon is deemed to be interested in the same number of Shares in which Advance Success is interested under the SFO. The interests of Mr. Wong in the Shares are disclosed under the section headed "(a) Directors" above.

- (c) The entire issued share capital of Prosperity Minerals Group Limited, Max Will Profits Limited and Max Start Holdings Limited are beneficially owned and as to 65% by Mr. Wong and as to 35% by Madam Hon.
- (d) Ms. Shing Shing Wai is the spouse of Mr. Wong and the interests of each of Mr. Wong and Ms. Shing Shing Wai are deemed to be the interests of each other. The figures refer to the same number of Shares.

*Long position in the shares/registered capital of the member of the Group*

Name of the member of the Group	Name of shareholder(s)	Capacity/nature of interest	Number of shares	Percentage of the issued share capital
WM Aalbrightt Investment Holdings (Hong Kong) Limited	WM Investment Holdings Limited	Beneficial owner	40,000	40.0%

Save as disclosed above, so far as is known to any Director or chief executive of the Company, as at the Latest Practicable Date, no other person (who is not a Director or chief executive of the Company) had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register kept by the Company under section 336 of the SFO or, who were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or held any option in respect of such capital.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors was a director or employee of a company (or its subsidiary) which has an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

### 3. SERVICE CONTRACTS

As at the Latest Practical Date, none of the Directors had any existing or proposed service contracts with the Company or any other member of the Group which will not expire or is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

### 4. MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practical Date, there was no material adverse change in the financial or trading position or outlook of the Group since 31 March 2009, being the date to which the latest published audited consolidated financial statements of the Group were made up.

**5. QUALIFICATION AND CONSENT OF EXPERT**

The following is the qualification of the expert who has been named in this circular and whose advice or opinions are contained in this circular:

<b>Name</b>	<b>Qualification</b>
Ample Capital	a licensed corporation to carry on business in Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO

As at the Latest Practicable Date, Ample Capital did not have any shareholding, directly or indirectly, in any member of the Group or any right or option, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Ample Capital did not have any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2009, being the date to which the latest published audited consolidated financial statements of the Company were made up.

Ample Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and references to its name, in the form and context in which they appear.

**6. DIRECTORS' INTERESTS IN COMPETING BUSINESS**

As at the Latest Practicable Date, to the best knowledge and belief of the Directors after having made all reasonable enquiries, none of the Directors and their respective associates were considered to have any interests in businesses which competed or were likely, either directly or indirectly, with the businesses of the Group.

**7. DOCUMENTS FOR INSPECTION**

A copy of the Equity Transfer Agreement will be available for inspection at Suites 1801-6, 18th Floor, Tower 2, The Gateway, 25 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong, during normal business hours on any weekday (except public holidays) from the date of this circular up to and including 28 June 2010.

**8. GENERAL**

The English text of this circular prevails over its Chinese translation in the case of discrepancy.