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

* *for identification purpose only*

24 June 2010

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

**Further Announcement in Relation to the
Iron Ore Master Off-take Agreement**

INTRODUCTION

Prosperity Minerals Holdings Limited (AIM: PMHL.L), is an iron ore trading business serving the People's Republic of China ("PRC") and also holds investments in entities involved in the manufacture and sale of cement and clinker in the same market. Further to the announcement of 1 June 2010, the Company today announces further information in relation to the iron ore master off-take agreement entered into by Prosperity Macao, a wholly owned subsidiary of the Company, on 31 May 2010 for the purpose of purchasing Malaysian iron ore from Grace Wise (the "Master Off-take Agreement"). Unless otherwise specified, the capitalised terms used in this announcement shall have the same meaning as those defined in the announcement of the Company dated 1 June 2010.

Approval of the Master Off-take Agreement by the Independent Directors

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 class tests of the AIM Rules. The Independent Directors of the Company can only grant this approval after they have consulted the Company's Nominated Adviser, Daniel Stewart & Company plc, 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.

The Master Off-take Agreement also constitutes a non-exempt continuing connected transaction for the Company's majority shareholder, Prosperity International Holdings (H.K.) Limited ("PIHL"), a company listed on the Hong Kong Stock Exchange (the "HKSE"), under the Rules Governing the Listing of Securities on the HKSE (the "HK Listing Rules") as Mr. Wong and his associates are controlling shareholders of PIHL. Therefore the Master Off-take Agreement is subject to approval by the Independent Shareholders of PIHL. The special general meeting of its Independent Shareholders is scheduled to be held on 12 July 2010 (the "SGM").

Prior to PIHL obtaining the approval of its Independent Shareholders, the HK Listing Rules require an Independent Board Committee of PIHL to be formed to review the Master Off-take Agreement and to give its opinion on the fairness and reasonableness of the terms of the Master Off-take Agreement and the Annual Caps after having first taken advice from an independent financial adviser, to be appointed by PIHL. PIHL has appointed Access Capital Limited ("Access Capital") to advise its Independent Board Committee.

In the Company's announcement on 1 June 2010, the Independent Directors announced that they would only make a determination in respect of the Master Off-take Agreement after consultation with the Company's Nominated Adviser, Daniel Stewart & Company plc, and the Independent Board Committee of PIHL and considered the views of Access Capital in relation to the fairness and reasonableness of the terms of the Master Off-take Agreement and the Annual Caps, as set out in its letter dated 24 June 2010 addressed to the Independent Board Committee of PIHL (the "IFA Letter"). The Independent Board Committee of PIHL have confirmed to the Independent Directors of the Company that, having taken into account the advice of Access Capital, they are of the opinion that the terms of the Master Off-take Agreement and the Annual Caps are on normal commercial terms and are fair and reasonable, and that the entering into of the Master Off-take Agreement is in the interests of PIHL and the shareholders of PIHL as a whole.

In light of the fact that one of the principal businesses of the Group is trading of iron ore and that Prosperity Macao has been purchasing iron ore from Kingsley which sourced its iron ore from ZCM Entities for a number of years, the Independent Directors of the Company consider that it is commercially reasonable and sensible for Prosperity Macao to continue the purchasing transactions from the same source albeit with different parties. The Independent Directors of the Company are also of the view that, in light of the historical trading volumes of iron ore of the Group for the past two financial years and its growing trend, the maximum trading volumes of 1.5 million metric tonnes, 2.5 million metric tonnes and 4 million metric tonnes for each of the financial years ending 31 March 2011, 2012 and 2013 respectively under the Annual Caps are not excessive. Also, given that the price trend of iron ore has been substantially positive since the beginning of 2010, the Independent Directors of the Company are of the opinion that the assumed growth rate of approximately 20% per annum for the market price of iron ore under the terms of the Master Off-take Agreement for the three financial years ending 31 March 2013 is acceptable. Furthermore, given that:

- (i) the relevant transactions under the Master Off-take Agreement will be conducted in the ordinary and usual course of business of the Group, on normal commercial terms and upon terms which are not less favourable than terms available to/from independent third parties;
- (ii) the purchase price of the iron ore will be based on a competitive pricing determined on an arm's length basis by reference to the prevailing market price of iron ore; and
- (iii) the non-exclusive arrangement under the Master Off-take Agreement provides the Group with flexibility, without any commitment on the purchase quantity, to purchase iron ore from an alternative source if it can obtain it elsewhere at a cheaper price,

the Independent Directors of the Company are of the view, having consulted with the Company Nominated Adviser, that the terms of the Master Off-take Agreement and the Annual Caps are fair and reasonable insofar as the Company's shareholders are concerned.

The Company's Nominated Adviser, Daniel Stewart & Company plc, has confirmed to the Independent Directors of the Company that it is of the opinion that the terms of the Master Off-take Agreement are fair and reasonable insofar as the Company's shareholders are concerned.

PIHL has today published a shareholder circular, in compliance with its obligations under the HK Listing Rules, which contains, among other things, further details about the Master Off-take Agreement, a copy of the IFA Letter, the notification of the SGM and the views of the Independent Board Committee of PIHL as to the fairness and reasonableness of the terms of the Master Off-take Agreement and the Annual Caps. The circular has not been reviewed by the Directors of the Company, save for (David) Ben Koon Wong, Michael Kim Hung Yuen and Johannes Petrus Mulder (who are also Directors of PIHL). A copy of the circular and the relevant announcements of PIHL can be found on PIHL's website (www.pihl-hk.com).

Revised Lower Limit

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

The HKSE has recently amended the HK Listing Rules to increase the threshold of the applicable percentage ratios of the HK Listing Rules, which trigger the requirement for independent shareholders approval, from 2.5% to 5%. Accordingly, on 23 June 2010, Prosperity Macao and Grace Wise entered into a supplemental agreement to amend the Master Off-take Agreement, whereby Prosperity Macao and Grace Wise agreed to revise the Lower Limit to US\$5 million (approximately £3.4 million) (equivalent to under 5% of the applicable HK Listing Rules) (the "Revised Lower Limit").

The Directors of PIHL (including the Independent Non-executive Directors of PIHL but excluding Mr. Wong who is considered having a material interest in the transactions contemplated under the Master Off-take Agreement and has abstained from voting on the resolution of PIHL board to approve the Master Off-take Agreement) have advised the Company that they consider that 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 Revised Lower Limit pending the approval of Independent Shareholders of PIHL being sought as it will allow Prosperity Macao to continue obtaining its uninterrupted supply of iron ore.

It should be noted that, notwithstanding the approval given by the Independent Directors of the Company, unless the approval of the Independent Shareholders of PIHL is obtained at the SGM, the Company will not be permitted to exceed the Revised Limit in its purchases from Grace Wise.

Further enquiries:

Prosperity Minerals Holdings Limited

Patrick Li, Chief Financial Officer
Sandy Chim, Non Executive Director
Neelke Kruger, Investor Relations

Tel: + 44 (0) 20 7638 9571

Citigate Dewe Rogerson

Martin Jackson
George Cazenove
Kate Lehane

Tel: + 44 (0) 20 7638 9571

Daniel Stewart & Company plc

Simon Leathers
Emma Earl

Tel: + 44 (0) 20 7776 6550

Notes to Editors:

Prosperity (AIM: PMHL) is an iron ore trading business serving the 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.

As from 1 February 2010, Prosperity also has a real estate investment and development division and has recently 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.

For the purposes of this announcement, conversion of US\$ into £ is based on the reference exchange rate of £1 = US\$1.4775.