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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 52.26%-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, 10 September 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), Dr. Mao Shuzhong (Chief Executive Officer), Mr. Johannes Petrus Mulder, Ms. Gloria Wong and Mr. Kong Siu Keung. The non-executive director is Mr. Liu Benren (Deputy Chairman) and the independent non-executive directors are Mr. Yuen Kim Hung, Michael, Mr. Yung Ho, Mr. Chan Kai Nang, Mr. Ma Jianwu and Dr. Liang Dunshi.*

*\* for identification purpose only*

10 September 2010

**Prosperity Minerals Holdings Limited**

**("Prosperity" or "the Company")**

**Cancellation of Share Options**

Prosperity Minerals Holdings Limited (AIM: PMHL.L) is an iron ore trading business serving the People's Republic of China and holder of investments in entities involved in the manufacture and sale of cement and clinker and specialty real estate development properties in the same market.

Prosperity announces that on 9 September 2010 it entered into an agreement with certain Directors and employees of the Company (the "Optionholders") to cancel options over an aggregate of 2,680,000 ordinary shares of 1p each ("Ordinary Shares"), which were granted to the Optionholders on 9 October 2007 under the Company's share option scheme (the "Options"). The Options were granted for nil cash consideration and are currently exercisable at 62p per Ordinary Share. The aggregate consideration paid by the Company to the Optionholders for the cancellation of the Options is £2,095,760. The consideration reflects a 5% discount to the 5 day average closing price of the Ordinary Shares on 8 September 2010 after deducting the exercise price of 62p per Ordinary Share.

Optionholder	Number of Options cancelled
Patrick Siu Ming Li (Director)	1,500,000
Sandy Chun-Kwan Chim (Director)	250,000
So Yuen Yee	500,000
Hon Ching Fong	200,000
Kenneth Yeung	160,000
Tsang Chui Na	70,000
Total	2,680,000

Following cancellation of the Options, the Company will have 1,500,000 options over Ordinary Shares currently exercisable at 62p remaining in issue and 5,790,000 options over Ordinary Shares exercisable from 28 October 2011 at 70p remaining in issue.

Following the disposal of the cement business and the acquisition of various properties, the unaudited net asset value per Ordinary Share is approximately £2.48 as at 31 July 2010.

The Company has been repurchasing its Ordinary Shares from the market pursuant to the general mandate granted by shareholders.

If the Options were to be exercised and sold on the market, it would be more difficult for the Ordinary Share price to maintain its upwards momentum and to close the discount between the market price per Ordinary Share and the net asset value (as above). The Executive Directors therefore believe that it is in the interest of the Company to enter into the Cancellation Agreements with the Optionholders to cancel those Options and, thus, avoid a possible stock over-hang had those Options been exercised.

As the Optionholders are Directors and employees of the Company, these transactions constitute related party transactions. However, as these related party transactions, when aggregated, do not exceed 5% of any of the class tests of the AIM Rules, the reporting requirements of AIM Rule 13 do not apply. The transactions also constitute a connected transaction for the Company's majority shareholder, Prosperity International Holdings (H.K.) Limited ("PIHL"), under the Hong Kong Listing Rules (the "HK Listing Rules"). Therefore, PIHL is required by the HK Listing Rules to make an announcement to its shareholders of the transactions. A copy of PIHL's announcement can be found on PIHL's website ([www.pihl-hk.com](http://www.pihl-hk.com)).

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**Notes to Editors:**

Prosperity (AIM: PMHL) is:

- an iron ore trading business serving the PRC;
- involved in the manufacture and sale of cement and clinker in the same market; and
- an investor in specialty real estate development projects.

Prosperity recently disposed 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 eastern PRC. The designed sellable output capacity of clinker\*\* and cement at ACC is 3.4 million tonnes per year. On 1 September 2010, Prosperity acquired a 25% equity interest in Liaoning Changqing Cement Co. Limited ("Liaoning Changqing"). Liaoning Changqing completed construction of a new 2 million tonnes per annum cement and clinker production line in Liaoning, PRC in April 2010. Normal production commenced on 2 July 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 7.9 million tonnes in the fiscal year ended 31 March 2010.

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.*