

DATED 7 APRIL 2009

(1) **PROSPERITY CEMENT (ASIA) LIMITED – MACAO
COMMERCIAL OFFSHORE**

(2) **MR. WONG BEN KOON**

DEED OF INDEMNITY

THIS DEED is made on 7 April 2009

BETWEEN

- (1) **PROSPERITY CEMENT (ASIA) LIMITED – MACAO COMMERCIAL OFFSHORE**(昌兴水泥有限公司-澳门离岸商业服务), a company incorporated in Macao whose registered address is at Room A4, 2/F., AV. Praia Grande, No 369, Keng Ou Commercial Building, Macau (“**PCAL**”); and
- (2) **MR. WONG BEN KOON**, holder of Hong Kong Identity Card Number G047115(0) of Suites 1801-6, 18th Floor, Tower 2, The Gateway, 25 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong (“**Mr. Wong**”).

WHEREAS

- (A) PCAL is an indirect wholly-owned subsidiary of the Company (as defined below). Mr. Wong is the chairman and controlling shareholder (as defined in the Listing Rules) of the Company.
- (B) In late 2007 PCAL began to negotiate with Cementval S.L., a company incorporated in Spain (“**Cementval**”) about the sale and purchase of Cement Clinker, and in about December 2007, an initial agreement was reached whereby PCAL agreed to sell and Cementval agreed to buy 4 (Four) shipments each 80,000 MT ordinary Portland Cement Clinker and which goods are to be delivered in 4 (Four) shipments in 2008 and be carried by vessel from China and delivered at Valencia, Spain (“**the Goods**”).
- (C) In light of the matters set out in (B), PCAL negotiated with Conch Building (as defined below) for the sale and supply to PCAL by Conch Building of the Goods. Conch Building was also responsible for finding the vessel to carry the Goods to Valencia.
- (D) In light of the matters set out in (C), Conch Building resorted to Conch Logistics for chartering in vessels and/or to find vessels for carriage of the Goods to Valencia.
- (E) In light of the matters set out in (D), Conch Logistics entered into a charterparty with Sinochart on 17th December 2007 (“**the Sinochart Charterparty**”) under which vessels would be provided by Sinochart to Conch Logistics for carriage of the Goods to Valencia, and so that Conch Logistics could charter out such vessels to Conch Building for carriage of the Goods.
- (F) Conch Logistics subsequently entered into charterparty with Conch Building which charterparty is back to back of the Sinochart Charterparty (“**the Conch Logistics Charterparty**”) for the carriage of the Goods.
- (G) Pursuant to an agreement dated 5 January 2008 as supplemented by an agreement dated 30 January 2008 and further supplemented by an agreement dated 24 April 2008 entered into between PCAL and Conch Building (the “**Supply Agreement**”), Conch

Building agreed to sell and supply and carry the goods and PCAL agreed to purchase the Goods.

- (H) Pursuant to an agreement dated 19 January 2008 entered into between PCAL and Cementval (the “**Sale Agreement**”), PCAL agreed to sell, supply and carry the Goods and Cementval agreed to purchase the Goods.
- (I) Three shipments of the Goods had taken place in 2008 under the Supply Agreement and correspondingly under the Sale Agreement. Despite repeated demands by PCAL, Cementval, however, in breach of the Sale Agreement have been refusing to take the 4th shipment of the Goods in 2008 and continue to refuse to take the 4th Shipment to date. PCAL intends to sue Cementval for breach of the Sale Agreement (the “**Claims against Cementval**”)
- (J) Sinochart alleged that by reasons of the breach of the Sinochart Charterparty by Conch Logistics, they have suffered losses and damages in the sum of US\$2,405,384.10 (“**Sinochart’s Losses**”) and they asked Conch Logistics to pay the same sum otherwise they would take all legal actions available to them against Conch Logistics. Conch Logistics in turn passed Sinochart's demand to Conch Building. Both Conch Logistics and Conch Building have requested PCAL to resolve the dispute so as to avoid the potential Sinochart litigation. As at the date of this Deed, none of Sinochart, Conch Building or Conch Logistics has made any formal written claims against PCAL arising out of or in connection with the Supply Agreement, the Conch Logistics Charterparty or the Sinochart Charterparty. Following rounds of negotiation, Sinochart agreed to reduce the claim amount for Sinochart’s Losses to US\$2,160,000.00.
- (K) In the interest of PCAL and in order to avoid any potential litigations, PCAL have been negotiating with Sinochart, Conch Logistics and Conch Building. As a result, Sinochart, Conch Building and Conch Logistics have agreed to waive and release all of their claims against PCAL arising out of or in connection with the Sinochart Charterparty, Conch Logistics Charterparty and the Supply Agreement (the “**Claims against PCAL**”) in accordance with the terms and conditions of the settlement deed to be executed between Sinochart, Conch Building, Conch Logistics and PCAL (the “**Settlement Deed**”).
- (L) Mr. Wong considers that it is in the best interest of PCAL to settle the Claims against PCAL and to claim against Cementval for all the losses that PCAL suffered and will suffer as a result of Cementval’s breach of the Sale Agreement, including whatever settlement sum paid to settle the Claims against PCAL.
- (M) For the purpose of avoiding potential litigations and to assist PCAL in dealing with the Claims against PCAL and pursuing its Claims against Cementval, Mr. Wong offers and puts up the security referred to hereunder and which is in favour of PCAL in accordance with the terms and conditions of this Deed.

AND NOW THIS DEED WITNESSETH as follows:-

1. DEFINITIONS AND INTERPRETATION

1.1 In this Deed, unless otherwise expressed or required by the context, the following expressions shall have the respective meanings set opposite thereto:-

<u>Expression</u>	<u>Meaning</u>
Cementval”	as defined in the recital;
“Claims against Cementval”	as defined in the recital;
“Claims against PCAL”	as defined in the recital;
"Company"	Prosperity International Holdings (H.K.) Limited, a company continued in Bermuda with limited liability, and the securities of which are listed on the Stock Exchange;
“Conch Building”	Shanghai Conch Building Materials International Trade Co., Ltd (上海海螺建材国际贸易有限公司), a company incorporated in the People’s Republic of China whose registered address is at 11/F., Yu’an Mansion, 738 Dongfang Road, Shanghai China;
“Conch Logistics”	Shanghai Conch Logistics Co., Ltd (上海海螺物流有限公司), a company incorporated in the People’s Republic of China whose registered address is at 11/F., Yu’an Mansion, 738 Dongfang Road, Shanghai China;
"Dollars" or "HK\$"	Hong Kong dollars, the lawful currency of Hong Kong from time to time;
"Hong Kong"	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Indemnity”	as defined in Clause 2.1;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;

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| "Parties" | the parties to this Deed and "Party" shall mean any one of them; |
| "Sale Agreement " | as defined in the recital; |
| "Security" | as defined in Clause 2.2; |
| "Settlement Deed" | as defined in the recital; |
| "Settlement Sum" | the sum of US\$2.16 million as defined in the Settlement Deed; |
| "Sinochart" | China National Chartering Co., Ltd, (formerly China National Chartering Corp.) (中國租船公司), a company incorporated in the People's Republic of China whose registered address is at Room 818, Sinotrans Plaza A, A43 Xizhimen Beidajie, Beijing 100044 China; |
| "Stock Exchange" | The Stock Exchange of Hong Kong Limited; |
| "Supply Agreement" | as defined in the recital; and |
| "US\$" | United States of America dollars, the lawful currency of the United States of America from time to time. |
- 1.2 The headings to the Clauses of this Deed are for ease of reference only and shall be ignored in interpreting this Deed.
- 1.3 Reference to Clauses and Schedules and Recitals are references to clauses and schedules and recitals of or to this Deed which shall form part of this Deed.
- 1.4 Unless the context otherwise requires:-
- (a) words and expressions in the singular include the plural and vice versa;
 - (b) words importing any gender include all genders;
 - (c) references to a person include any public body and any body of persons, corporate or unincorporated; and
 - (d) references to a "company" shall be construed so as to include any company, corporation or other body corporate, wherever and however incorporated or established.

- 1.5 A reference to a statute or statutory provision shall be construed as a reference:-
- (a) to that statute or provision as from time to time amended, modified or re-enacted;
 - (b) to any repealed statute or statutory provision which it re-enacts (with or without modification); and
 - (c) to any orders, regulations, instruments or other subordinate legislation made under the relevant statute or statutory provision.
- 1.6 References to writing shall include any modes of reproducing words in a legible and non-transitory form.
- 1.7 References to times of the day are to Hong Kong time.
- 1.8 Except as otherwise expressly provided, words and expressions defined in the Companies Ordinance, Chapter 32 of the Laws of Hong Kong as at the date hereof have the same meanings when used in this Deed.
- 1.9 (a) The rule known as the ejusdem generis rule shall not apply and accordingly general words introduced by the word "other" shall not be given a restrictive meaning by reason of the fact that they are preceded by words indicating a particular class of acts, matters or things.
- (b) General words shall not be given a restrictive meaning by reason of the fact that they are followed by particular examples intended to be embraced by the general words.

2. SECURITY AND INDEMNITY

- 2.1 Subject to Clause 2.4 and 3.2 below, Mr. Wong undertakes to put up a security to indemnify and hold PCAL harmless from and against any and all losses, liabilities, costs, charges or expenses which it may incur or suffer as a result of, or in connection with, the Claims against Cementval (and for which PCAL cannot or is unable to recover from Cementval) (the "Indemnity"), including but not limited to (i) all losses that PCAL may suffer as a result of any unsuccessful claims made by PCAL against Cementval in any court or arbitration proceedings, (ii) all losses that PCAL may suffer as a result of any claims made by Cementval against PCAL in any court or arbitration proceedings; (iii) all losses that PCAL may suffer under any settlement agreement between PCAL and Cementval, and (iv) all costs and expenses incurred by PCAL in any court or arbitration proceedings between PCAL and Cementval.
- 2.2 Mr. Wong agrees to pay the Settlement Sum to PCAL as continuing security for the Indemnity (the "Security").
- 2.3 No interest shall be accrued on the Security.

2.4 PCAL shall only be entitled to call upon the Security and exercise its rights under the Indemnity if it suffered any unrecoverable losses after the final determination of the Claims against Cementval either by way of :

- (i) a final and binding settlement agreement in writing between Cementval and PCAL, or
- (ii) a final and unappealable arbitration award of the arbitrators in London appointed pursuant to the Sale Agreement to deal with the disputes between PCAL and Cementval that is not the subject of any appeal or other application, or
- (iii) in case of any appeal, or other application, by a final judgment of the Courts having jurisdiction over the subject appeal or application that is not itself the subject of any further appeal or other application,

and in respect of (ii) and (iii), after PCAL has enforced against Cementval whatever arbitration award and/or court judgment that is in their favour.

3. CLAIMS AGAINST CEMENTVAL - UNDERTAKING

3.1 PCAL undertakes to Mr. Wong that it will take all necessary actions to proceed diligently with the Claims against Cementval.

3.2 PCAL undertakes that, to the extent PCAL calls upon the Security and exercises its rights under the Indemnity in accordance with clause 2 above, the maximum amount that PCAL can get under the Indemnity shall be the sum of US\$2,160,000.00 paid by Mr. Wong to PCAL under the Security together with all costs and expenses incurred by PCAL in its Claims against Cementval.

4. MISCELLANEOUS

4.1 Other than such disclosure as may be required by the applicable laws and regulations or listing rules, none of the parties shall make any announcement or release or disclose any information concerning this Deed or the transactions herein referred to or disclose the identity of the other parties (save as disclosure to their respective professional advisers under a duty of confidentiality) without the prior written consent of the other parties.

4.2 Time shall be of the essence in every respect of this Deed.

4.3 The rights and obligations of the Parties to this Deed shall not be assigned or transferred without the written consents of the other parties hereto.

4.4 All notices, requests, demands and other communications required to be given or made pursuant to this Deed or in connection herewith shall be given or made to or upon the parties in writing and delivered or sent by facsimile transmission, registered prepaid post (airmail if outside the sender's country or territory) or by personal

delivery to the appropriate party at the address or facsimile number set out below against its name:-

(a) To : Prosperity Cement (Asia) Limited – Macao Commercial Offshore
Address : Room A4, 2/F., AV. Praia Grande, No 369. Keng Ou Commercial Building, Macau
Fax Number : (853) 2835 5286
Attention : Mr. Richard Kong

(b) To : Mr. Wong Ben Koon
Address : Suites 1801-6, 18th Floor, Tower 2, The Gateway, 25 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong
Fax Number : (852) 2795 3670

4.5 Amendments to this Deed shall only be made if in writing signed by all of the Parties hereto.

4.6 If any one or more of the provisions of this Deed shall be declared or adjudged to be illegal, invalid or unenforceable under any applicable law, such illegality, invalidity or unenforceability shall not vitiate or affect the validity or enforceability of the remainder of such provision or of any other provision hereof.

4.7 This Deed constitutes the entire agreement and understanding between the Parties in connection with the subject-matter of this Deed and supersedes all previous proposals, representations, warranties, agreements or undertakings relating thereto whether oral, written or otherwise and neither of the Parties has relied on any such proposals, representations, warranties, agreements or undertakings.

4.8 This Deed may be executed in counterparts and all of those counterparts taken together constitute one and the same instrument.

5. GOVERNING LAW

This Deed is governed by the laws of Hong Kong and shall be construed in accordance with the laws of Hong Kong. The Parties hereto submit to the non-exclusive jurisdiction of the Hong Kong courts.

IN WITNESS whereof this Deed has been duly executed on the date first above written.

EXECUTED as a DEED by)
PROSPERITY CEMENT (ASIA) LIMITED)
- **MACAO COMMERCIAL OFFSHORE**)
and signed by **WONG BEN KOON** as its director)
in the presence of: **WAN KWOK MAN**)



Wong Ben Koon
Wan Kwok Man

SIGNED SEALED and DELIVERED by)
MR. WONG BEN KOON)
in the presence of: **CHEUNG CHAK MAN**)

Wong Ben Koon
Cheung Chak Man