

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

PROFIT WARNING

The Board wishes to inform the Shareholders and potential investors of the Company that the Group is expected to record a significant decrease in profit for the year ended 31 March 2012 as compared to that recorded for the last financial year.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by Prosperity International Holdings (H.K.) Limited (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors of the Company that the Company and its subsidiaries (together the “**Group**”) are expected to record a significant decrease in profit for the year ended 31 March 2012 as compared to that recorded for the last financial year.

On 28 May 2012, Prosperity Minerals Holdings Limited (“**PMHL**”), a direct 64.07%-owned subsidiary of the Company and whose shares are admitted to trading on the AIM market of the London Stock Exchange plc. (“**LSE**”), released a trading update announcement (the “**Trading Update**”) in the LSE. A copy of the Trading Update is appended to this announcement for reference by the Shareholders.

The Trading Update provides the shareholders of PMHL and the investors with an update on the trading activities of PMHL and its subsidiaries for the fiscal year ended 31 March 2012 and contains certain information which has not been published by the Company.

* For identification purpose only

As disclosed in the Trading Update, principally for the reasons set out therein and factors associated with them, PMHL's pretax profit for the year ended 31 March 2012 is expected to be substantially less than market expectations. Given that PMHL is a direct 64.07%-owned subsidiary of the Company and its results will be consolidated in the results of the Company, the Group is expected to record a significant decrease in profit for the year ended 31 March 2012 as compared to that recorded for the last financial year.

The Company is in the process of finalising the Group's results for the year ended 31 March 2012. The information contained in this announcement is only a preliminary assessment by the management of the Company based on the figures and information of the Group currently available and is not based on any figures or information which has been audited or reviewed by the auditors of the Company. Further details of the Group's performance for the year ended 31 March 2012 will be disclosed in the Company's annual results announcement, which is expected to be published in June 2012.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 28 May 2012

As at the date of this announcement, the executive Directors are Mr. Wong Ben Koon (Chairman), Mr. Sun Yong Sen (Deputy Chairman), Dr. Mao Shuzhong (Chief Executive Officer), Mr. Liu Yongshun, 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 and Mr. Ma Jianwu.

25 May 2012

Prosperity Minerals Holdings Limited
(“Prosperity” or “the Company”)

TRADING UPDATE

Prosperity Minerals Holdings Limited (PMHL.L) is an iron ore trading business serving the People’s Republic of China (“PRC”) and a real estate owner and developer in the same market. It is also an investor in two PRC cement manufacturers. Prosperity today issued the following trading update.

IRON ORE OPERATION

Iron Ore Trading

During the fiscal year ended 31 March 2012, Prosperity shipped 4.9 million tonnes of iron ore compared with 6.3 million tonnes for the prior year. The reduced number of shipments was due to a significant decrease in raw material prices between October 2011 and February 2012. During this period the major producers withheld shipments from the spot market in anticipation of prices recovering, which they did. The decrease in Prosperity’s shipments also reflects the increasingly challenging environment for iron ore traders and underlines the importance of increasing the Company’s access to reliable medium to long term supplies of iron ore at competitive prices.

Investment in Joint Venture Company Engaged in the Exploration and Production of Iron Ore in Brazil

- Prosperity holds an effective 35% interest in United Goalink Limited (“UGL”), a joint venture company engaged in the exploration and production of iron ore in Brazil
- The first shipment of 52,001 tonnes of iron ore from UGL was made in March 2011 and during the fiscal year ended 31 March 2012 the total was 218,808 tonnes, which was lower than expected due to the drop in prices mentioned above. This resulted in a higher than expected loss for the year due to administrative, finance and operational costs and also delayed completion of the processing plant
- The processing plant is expected to be operational by the end of 2012 and this will enhance the quality of the iron ore mined, increase production capacity and reduce average production cost. It will have an annual production capacity of 1 million tonnes of iron ore
- Please refer to the Company’s announcements on 9 December 2010 and 29 December 2010 for further details about the investment in UGL

REAL ESTATE INVESTMENT AND DEVELOPMENT DIVISION

The PRC Government’s efforts to control domestic inflation by restricting loan growth and placing constraints on the purchasing of residential property in major cities have brought about a reduction in the number of transactions and, in some areas, a decline in prices.

Guangzhou City, Guangdong Province, PRC

- Prosperity owns approximately 11,472 square metres of office and commercial space in SilverBay Plaza which was completed in 2004. As at 31 March 2012, SilverBay Plaza had 100% occupancy
- The Company also holds a 55% interest in a commercial and residential development project known as Oriental Landmark, previously referred to as Dongfang Wende Plaza
- Presales in the first block of residential units commenced on 25 December 2011 and, between then and 20 May 2012, 153 of the 186 units available had been sold at an average sales price of approximately RMB 31,000 per square metre
- Presales in the second block commenced on 21 April 2012 and, through 20 May 2012, 64 of the 90 units had been sold at an average sales price of RMB 34,000 per square metre
- Presale prices and results have exceeded the Company's expectations. This is mitigated, in part, by higher than budgeted costs, including sales commission. However, the net result is still a very positive one for the Company. Under IFRS revenue and income on property sales is recognised when legal title is passed to the buyer. In turn, this is determined by the issue of an occupation permit by the relevant local government authority. The Company believes that occupation permits will be issued in fiscal 2013–14, which is also when the first revenue and profit will be booked. In the meantime, operating losses will continue in 2012–13, although Prosperity will benefit from the presales cash flow. Up to 24 May 2012, the Company had received approximately RMB446 million (approximately US\$70 million) from presales
- Please refer to the Company's announcements on 1 June 2010, 30 July 2010, 16 August 2010 and 9 January 2012 for further details

Changzhou City, Fujian Province, PRC

- Prosperity holds a 50% interest in a joint venture with a local party to develop a combined recreational, commercial and residential project in Changzhou City, Fujian Province, in south eastern PRC. The development will offer luxury accommodation and hot spring resort facilities
- The PRC Government's policies have impacted the original development plan for this project, which will now comprise smaller, lower priced units in order to attract a larger number of buyers. However, it is likely that this will lead to a downward adjustment in the carrying value of this investment and the Company is now working with its valuers and auditors to determine whether it is necessary to make a non-cash provision for this in the results for the financial year ended 31 March 2012
- Please refer to the Company's announcement on 1 June 2010 for further details on the joint venture agreement

Hangzhou City, Zhejiang Province, PRC

- Prosperity holds a 50% interest in a joint venture with a local party to develop a commercial property comprising both office and retail space in Hangzhou City, the capital of Zhejiang Province
- The Land Premium, which is paid to the local government for the use of land, has been paid in full but the project still awaits governmental approval. This project has had no impact on the results for the year

CEMENT MANUFACTURING

- Prosperity holds a 33.06% interest in Anhui Chaodong Cement Company Limited (“ACC”) in Anhui Province, eastern PRC. ACC has a designed saleable production capacity of 5.1 million tonnes per annum
- ACC is listed on the Shanghai Stock Exchange and, as at 24 May 2012, its closing share price was RMB 12.46 at which ACC’s market capitalisation was RMB 3 billion (approximately US\$476 million), valuing Prosperity’s shareholding at approximately US\$157 million
- ACC performed well in the year
- The third 2 million tonnes per annum clinker production line at ACC is under construction and is expected to be operational by the end of 2012
- ACC’s shareholders approved a cash dividend of RMB 0.1 per ordinary share at an Annual General Meeting held on 11 May 2012 to be paid on or before 11 July 2012. Prosperity will be entitled to RMB 8 million before tax (approximately US\$1.3 million)

RESULTS

The Company continues to focus on securing and investing in additional sources of iron ore at competitive prices. However, the full benefits of the investments made to date are unlikely to be realised in the short term, as time is required to improve and optimise the production and transportation. As for the iron ore trading operation, the significant drop in the price of iron ore between October 2011 and February 2012 reduced the number of shipments made by the Company during the period.

The Company’s real estate division continued to generate strong presales at Oriental Landmark in Guangzhou (as detailed above) for which it expects to recognise revenue and profit in fiscal 2013–14. However, despite higher than expected selling prices, associated costs were also higher, as noted above.

Principally for the reasons above, and factors associated with them, the Directors advise that they expect the Company’s pretax profit for the year ended 31 March 2012 to be substantially less than market expectations, prior to any provision at Changzhou City which may or may not occur.

As the Company's consolidated results for the year ended 31 March 2012 have not yet been finalised, the information contained in this announcement is only a preliminary assessment made by the management based on the figures and information currently available, which are subject to audit by the Company's auditors.

The Company expects to release its Annual Results by the end of June 2012.

OUTLOOK

The Company will continue to focus on:

- Securing and investing in additional sources of iron ore which provide medium to long term delivery options at competitive prices for supply to PRC steel mills
- Further measured investment in property development in the PRC in projects which offer good upside potential and manageable risk

FURTHER ENQUIRIES:

Prosperity Minerals Holdings Limited
Patrick Li
Neelke Kruger-Logan

Tel: + 44 (0) 20 7638 9571
www.pmhl.co.uk

Daniel Stewart & Company plc
Nominated Advisor and Broker
Paul Shackleton, Noelle Greenaway,
Emma Earl

Tel: + 44 (0) 20 7776 6550

Citigate Dewe Rogerson
Media enquiries: Martin Jackson
Analyst enquiries: Kate Lehane

Tel: + 44 (0) 20 7638 9571

NOTES TO EDITORS:

Prosperity (AIM: PMHL) is:

- an iron ore operator serving the PRC;
- a specialised real estate owner and developer in the same market; and
- an investor in two cement plants, also in the PRC.

Prosperity's iron ore 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 large steel manufacturers in the PRC. In the fiscal years ended 31 March 2011 and 2012, Prosperity shipped 6.3 million tonnes and 4.9 million tonnes of iron ore respectively. In December 2010, Prosperity acquired a 35%

effective interest in a Brazilian mining operation which owns approximately 602 square kilometres of exploration rights and 3 square kilometres of mining concession in the State of Ceara. The first shipment of 51,000 tonnes was made in March 2011.

Prosperity has operated a real estate investment and development division since February 2010 which is focused on creating a portfolio of PRC property and development assets with good upside potential and manageable risk. The Company has entered into a number of agreements with its partners to develop recreational, commercial and residential projects in Guangzhou City and Changzhou City in the southern PRC and Hangzhou City in the east. Prosperity also acquired interests in an existing commercial building in Guangzhou which is the largest city in the southern PRC and the third largest in the Country (after Beijing and Shanghai). It has a population in excess of 12 million people and is located in the Pearl River Delta, the foremost economic zone in the southern PRC.

In April 2010, Prosperity 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 the eastern PRC. The designed sellable output capacity of ACC is 5.1 million tonnes of cement and clinker per annum. On 1 September 2010, Prosperity acquired a 25% equity interest in Liaoning Changqing in Liaoning Province, in the northern PRC. Liaoning Changqing completed construction of a new 2 million tonnes per annum cement and clinker production line in April 2010 and normal production commenced on 2 July 2010. Following the completion of a share issuance in August 2011, Prosperity's interest in Liaoning Changqing was diluted to 16.11%. At the same time, the name of the cement plant was changed to TCC Liaoyang Cement Company Limited.

The PRC is the World's second largest economy (behind the US) and the biggest buyer of iron ore; it is also the largest producer and consumer of cement.