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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)

**CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO THE
IRON ORE MASTER OFF-TAKE AGREEMENT**

**SUPPLEMENTAL AGREEMENT TO THE
IRON ORE MASTER OFF-TAKE AGREEMENT**

Reference is made to the Announcement in relation to, among other things, the Master Off-take Agreement.

On 23 June 2010, Prosperity Macao and Grace Wise entered into the Supplemental Agreement pursuant to which Prosperity Macao and Grace Wise agreed to raise the Lower Limit (being the maximum aggregate value of the purchases of iron ore from Grace Wise by Prosperity Macao under the Master Off-take Agreement prior to obtaining approval of the Master Off-take Agreement and the Annual Caps by Independent Shareholders) from US\$2.5 million (approximately HK\$19.5 million) to US\$5 million (approximately HK\$39 million).

Reference is made to the announcement of the Company dated 31 May 2010 (the “**Announcement**”) in relation to, among other things, the transactions contemplated under the Master Off-take Agreement which constitute continuing connected transactions for the Company under the HK Listing Rules. Unless defined otherwise, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

On 23 June 2010, Prosperity Macao and Grace Wise entered into a supplemental agreement (the “**Supplemental Agreement**”) pursuant to which Prosperity Macao and Grace Wise agreed to raise the Lower Limit (being the maximum aggregate value of the purchases of iron ore from Grace Wise by Prosperity Macao under the Master

Off-take Agreement prior to obtaining approval of the Master Off-take Agreement and the Annual Caps by Independent Shareholders) from US\$2.5 million (approximately HK\$19.5 million) to US\$5 million (approximately HK\$39 million) (the “**Revised Lower Limit**”).

As disclosed in the Announcement, the Master Off-take Agreement provides that prior to obtaining the approval of the Independent Shareholders, the aggregate value of the transactions between Prosperity Macao and Grace Wise will not exceed the Lower Limit of US\$2.5 million (approximately 19.5 million), which is equivalent to under 2.5% of the applicable Percentage Ratios).

Pursuant to the amended Rule 14A.34 of the HK Listing Rules which came into effect on 3 June 2010, continuing connected transactions on normal commercial terms will be exempt from the independent shareholders’ approval requirement if each of the applicable Percentage Ratios is on an annual basis less than 5%. The Supplemental Agreement will enable Prosperity Macao to continue obtaining its uninterrupted supply of iron ore up to the Revised Lower Limit (equivalent to under 5% of the applicable Percentage Ratios) before obtaining the approval of the Independent Shareholders.

The Directors (including the Independent non-executive Directors 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 the Board to approve the Supplemental Agreement) takes the view that the Supplemental Agreement is on normal commercial terms, the terms of which are fair and reasonable and that the entering into of the Supplemental Agreement is in the interests of the Company and the Shareholders as a whole.

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

Hong Kong, 24 June 2010

** For identification purpose only*

As at the date of this announcement, the executive Directors 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, and the independent non-executive Directors are Mr. Mo Kwok Choi, Mr. Yuen Kim Hung, Michael and Mr. Yung Ho.