
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other licensed dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Prosperity International Holdings (H.K.) Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

**(1) GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES;
(2) RE-ELECTION OF DIRECTORS;
AND
(3) NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting of Prosperity International Holdings (H.K.) Limited to be held at Suites 1801-6, 18th Floor, Tower 2, The Gateway, 25 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong on Wednesday, 8 September 2010 at 3:00 p.m. is set out on pages 12 to 16 of this circular.

Whether or not you are able to attend the meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to Prosperity International Holdings (H.K.) Limited's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

** for identification purpose only*

5 August 2010

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

| | |
|---------------------------|--|
| “AGM” | the annual general meeting of the Company to be convened and held at Suites 1801-6, 18th Floor, Tower 2, The Gateway, 25 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong on Wednesday, 8 September 2010 at 3:00 p.m., or where the context so admits, any adjournment thereof |
| “associates(s)” | has the meaning ascribed to it under the Listing Rules |
| “Board” | the board of Directors |
| “Bye-laws” | the bye-laws of the Company, as amended, modified or otherwise supplemented from time to time |
| “Company” | Prosperity International Holdings (H.K.) Limited (昌興國際控股(香港)有限公司*), an exempted company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange |
| “Director(s)” | director(s) of the Company from time to time |
| “GEM” | the Growth Enterprise Market of the Stock Exchange |
| “Group” | means the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Issue Mandate” | a general unconditional mandate proposed to be granted to the Directors at the AGM to allot, issue and deal with additional Shares of up to 20% of the issued share capital of the Company as at the date of passing of the relevant resolution granting such mandate |
| “Latest Practicable Date” | 3 August 2010, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Main Board” | the securities market operated by the Stock Exchange prior to the establishment of GEM (excluding the options market) which continues to be operated by the Stock Exchange parallel with GEM; for the avoidance of doubt, the Main Board excludes GEM |

DEFINITIONS

| | |
|------------------------------|--|
| “Repurchase Mandate” | a general unconditional mandate proposed to be granted to the Directors at the AGM to repurchase up to 10% of the issued share capital of the Company as at the date of passing of the relevant resolution granting such mandate |
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) |
| “Share(s)” | ordinary share(s) of HK\$0.01 each in the share capital of the Company |
| “Shareholder(s)” | registered holder(s) of the Shares |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Substantial Shareholder(s)” | has the meaning ascribed thereto under the Listing Rules |
| “Takeovers Code” | The Codes on Takeovers and Mergers and Share Repurchases |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “%” | per cent. |

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. WONG Ben Koon (*Chairman*)
Mr. SUN Yong Sen (*Deputy chairman*)
Dr. MAO Shuzhong (*Chief executive officer*)
Mr. Johannes Petrus MULDER
Ms. Gloria WONG
Mr. KONG Siu Keung

Independent Non-Executive Directors:

Mr. MO Kwok Choi
Mr. YUEN Kim Hung, Michael
Mr. YUNG Ho

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head Office and principal place of
business in Hong Kong:*

Suites 1801-6, 18th Floor, Tower 2
The Gateway
25 Canton Road
Tsim Sha Tsui, Kowloon
Hong Kong

5 August 2010

To the Shareholders

Dear Sir or Madam,

**(1) GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES;
(2) RE-ELECTION OF DIRECTORS;
AND
(3) NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolutions to be proposed at the AGM for the approval of *inter alia*:

- (a) the grant of the Issue Mandate and the Repurchase Mandate to the Directors to issue new Shares and repurchase Shares respectively;

** for identification purpose only*

LETTER FROM THE BOARD

- (b) the extension of the Issue Mandate; and
- (c) the re-election of Directors.

GENERAL MANDATES TO ISSUE AND TO REPURCHASE SHARES

At the AGM, an ordinary resolution will be proposed to grant to the Directors the Repurchase Mandate, being a fresh general mandate to the Directors to exercise the powers of the Company to repurchase, for a term and in the terms as stated in such ordinary resolution, Shares in and up to a maximum of 10% of the issued share capital of the Company as at the date of passing of such ordinary resolution.

In addition, two ordinary resolutions will be proposed at the AGM (1) to grant to the Directors the Issue Mandate, being a general mandate to allot, issue and deal with additional Shares in and up to a maximum of 20% of the issued share capital of the Company as at the date of passing of such resolution; and (2) to extend the limit under the Issue Mandate if granted to the Directors the number of Shares representing the number of Shares which may be repurchased by the Company under the Repurchase Mandate.

As at the Latest Practicable Date, a total of 5,565,827,540 Shares were in issue. Subject to the passing of the proposed ordinary resolution approving the Issue Mandate and assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date to the date of passing the abovementioned resolution in respect of the Issue Mandate, the maximum number of Shares that may be issued by the Directors pursuant to the Issue Mandate is 1,113,165,508 Shares.

EXPLANATORY STATEMENT

An explanatory statement, as required under the Listing Rules, regarding the repurchase by companies with primary listings on the Stock Exchange of their own securities to provide the requisite information on the Repurchase Mandate, is set out in Appendix I to this circular.

RE-ELECTION OF DIRECTORS

In accordance with Bye-law no. 87 of the Bye-laws, Mr. Kong Siu Keung and Mr. Yuen Kim Hung, Michael, will retire by rotation at the AGM, and, being eligible, will offer themselves for re-election.

Pursuant to Bye-law no. 86(2) of the Bye-laws, Dr. Mao Shuzhong, Mr. Johannes Petrus Mulder and Ms. Gloria Wong, being the Directors appointed by the Board during the year, will retire from their offices at the AGM, and, being eligible, will offer themselves for re-election.

Information on the retiring Directors proposed to be re-elected at the AGM are set out in Appendix II to this circular.

ANNUAL GENERAL MEETING

Set out on pages 12 to 16 of this circular is a notice convening the AGM to consider and, if appropriate, to approve the resolutions relating to, among other things, the Repurchase Mandate, the Issue Mandate, the extension of the Issue Mandate and the re-election of Directors.

LETTER FROM THE BOARD

A form of proxy for use at the AGM is enclosed. If you are not able to attend the AGM in person, you are requested to complete the form of proxy and return it to the Company's branch share registrar and transfer office in Hong Kong, being Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. Accordingly, a poll shall be demanded for all resolutions put to vote at the AGM.

RECOMMENDATIONS

The Board considers that the grant of the Repurchase Mandate, Issue Mandate, the extension of the Issue Mandate and the re-election of Directors are all in the best interests of the Company and the Shareholders. Accordingly, the Board recommends that the Shareholders vote in favour of all the relevant resolutions to be proposed at the AGM.

ADDITIONAL INFORMATION

The Company will publish an announcement on the outcome of the AGM on the business day following the date of the AGM.

Your attention is also drawn to the additional information set out in the Appendices to this circular.

RESPONSIBILITY OF DIRECTORS

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

Yours faithfully,
For and on behalf of the Board of
Prosperity International Holdings (H.K.) Limited
WONG Ben Koon
Chairman

This appendix serves as an explanatory statement, as required by the Listing Rules, to provide requisite information to you for your consideration of the Repurchase Mandate.

LISTING RULES RELATING TO THE REPURCHASE OF SHARES

The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their own shares on the Stock Exchange subject to certain restrictions, the most important of which are summarised below.

SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 5,565,827,540 Shares. Subject to the passing of the relevant ordinary resolution and on the basis that no further Shares will be issued or repurchased after the Latest Practicable Date and up to the date of the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 556,582,754 Shares, representing 10% of the issued share capital of the Company as at the date of the resolution granting the Repurchase Mandate.

SHARE PRICES

The highest and lowest prices at which the Shares have been traded on the Stock Exchange in each of the twelve months preceding the Latest Practicable Date were as follows:

| | Price per Share | |
|---|------------------------|---------------|
| | Highest | Lowest |
| | <i>HK\$</i> | <i>HK\$</i> |
| 2009 | | |
| September | 0.680 | 0.610 |
| October | 0.640 | 0.470 |
| November | 0.495 | 0.375 |
| December | 0.510 | 0.415 |
| 2010 | | |
| January | 0.490 | 0.410 |
| February | 0.485 | 0.440 |
| March | 0.530 | 0.460 |
| April | 0.510 | 0.455 |
| May | 0.495 | 0.375 |
| June | 0.530 | 0.430 |
| July | 0.510 | 0.465 |
| Aug (up to the Latest Practicable Date) | 0.490 | 0.430 |

REASONS FOR REPURCHASES

The Directors believe that the Repurchase Mandate is in the best interests of the Company and the Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets of the Company and/or its earnings per Share and will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders.

FUNDING OF REPURCHASES

Repurchases must be made out of funds which are legally available for such purpose in accordance with the memorandum of association of the Company, the Bye-laws, the Listing Rules and the applicable laws of Bermuda. It is envisaged that the funds required for any repurchase would be derived from the distributable profits of the Company. The Company may not repurchase its own Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

There may be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited consolidated financial statements contained in the annual report of the Company for the year ended 31 March 2010) in the event that the Repurchase Mandate is to be exercised in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as this would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or its gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

DIRECTORS' DEALING

None of the Directors, nor, to the best of the knowledge of the Directors having made all reasonable enquiries, their associates (as defined in the Listing Rules), have any present intention to sell any Shares to the Company under the Repurchase Mandate if the same is approved by the Shareholders.

DIRECTORS' UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as applicable, they will exercise the Repurchase Mandate pursuant to the proposed resolutions contained herein in accordance with the Listing Rules, the Bye-laws and the applicable laws of Bermuda.

EFFECT OF THE TAKEOVERS CODE

A repurchase of Shares may result in an increase in the proportionate interests of a Substantial Shareholder of the Company in the voting rights of the Company, which could give rise to an obligation to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, to the best of the knowledge and belief of the Directors, Mr. Wong Ben Koon and his associate together held 3,630,206,324 Shares, representing approximately 65.22% of the issued share capital of the Company.

In the event that the Repurchase Mandate is exercised in full and assuming that there is no change in the number of Shares held by Mr. Wong Ben Koon and his associates and there is no other change to the issued share capital of the Company, the aggregate shareholdings of Mr. Wong Ben Koon and his associates in the Company will be increased to approximately 72.47%. The Directors are not aware of any consequence which may arise under the Takeovers Code as a result of any purchase to be made under the Repurchase Mandate.

The Directors have no present intention to repurchase Shares to such extent which will result in the amount of Shares being held by the public being reduced to less than 25% of the total issued share capital of the Company or such other minimum percentage as prescribed by the Listing Rules from time to time.

SHARE REPURCHASES MADE BY THE COMPANY

The Company has repurchased a total of 11,880,000 Shares on the Stock Exchange during the six months immediately prior to the Latest Practicable Date. Details of which are as follows:

| Date of Repurchase | Highest Price | Lowest Price | Number of Repurchase Shares |
|---------------------------|----------------------|---------------------|------------------------------------|
| 3 August 2010 | HK\$0.455 | HK\$0.430 | 11,880,000 |

CONNECTED PERSONS

No connected person (as defined in the Listing Rules) of the Company has notified the Company of a present intention to sell Shares to the Company nor has any such person undertaken not to sell any Shares to the Company in the event that the Repurchase Mandate is granted.

Mr. Kong Siu Keung (“**Mr. Kong**”), aged 41, joined the Company as an executive Director and the chief financial officer of the Company. Mr. Kong holds a master’s degree in business administration and is a fellow member of the Hong Kong Institute of Certified Public Accountants and is also a fellow member of the Association of Chartered Certified Accountants. Mr. Kong does not hold any other position in the Company or any subsidiary and associate of the Company. Mr. Kong has not held any directorship in any other publicly listed company in the last three years.

Mr. Kong entered into a service contract with the Company commenced on 12 February 2004 which will continue thereafter until terminated by not less than three months’ prior notice in writing given by either party to other. His appointment is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Bye-laws. Mr. Kong’s current monthly salary is HK\$150,000, which is determined by the Board with reference to his duties and responsibilities and subject to review from time to time.

As at the Latest Practicable Date, Mr. Kong did not have any interest in the Shares within the meaning of Part XV of the SFO. Mr. Kong does not have any relationship with other Directors, senior management, Substantial Shareholders or controlling Shareholders of the Company.

Save as disclosed above, there are no other matters concerning Mr. Kong that need to be brought to the attention of the Shareholders and there is no other information to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules.

Mr. Yuen Kim Hung, Michael (“**Mr. Yuen**”), aged 49, joined the Company as an independent non-executive director in January 2002. Mr. Yuen is a member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Association and a member of Certified General Accountants Association of Canada. Mr. Yuen does not hold any other position in the Company or any subsidiary and associate of the Company. Mr. Yuen has not held any directorship in any other publicly listed companies in the last three years.

Mr. Yuen entered into a service contract with the Company for a term of 2 years commencing on 31 December 2008. His appointment is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Bye-laws and is subject to termination by *inter alia* either party giving not less than two month’s written notice. Mr. Yuen’s monthly salary is HK\$15,000, which is determined by the Board with reference to his duties and responsibilities and subject to review from time to time.

As at the Latest Practicable Date, Mr. Yuen did not have any interest in Shares within the meaning of Part XV of the SFO. Mr. Yung does not have any relationship with other Directors, senior management, Substantial Shareholders or controlling shareholders of the Company.

Save as disclosed above, there are no other matters concerning Mr. Yuen that need to be brought to the attention of the Shareholders and there is no other information to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules.

Dr. Mao Shuzhong (“**Dr. Mao**”), aged 48, joined the Company as an executive director and chief executive officer on 6 January 2010. Previously, Dr. Mao was the vice chairman and president of Northtonhe Holdings Co. Ltd., Beijing, China from May 2006 to July 2008. He was the managing director and principal of Auckland Institute of Education, New Zealand from October 2001 to April 2006. During the period from 1983 to 2006, Dr Mao served as the chairman of Fortune Fund Limited, Auckland, New Zealand, the chairman and chief executive officer of Shenzhen Fortune Industries Ltd., chairman of Yunnan Phoenix Paper Products Ltd., general manager of Shenzhen Shatoukok Free-Trade Zone Industrial & Trade Corporation and director of International Cooperations Department of China National Heavy Duty Truck Corporation. Dr. Mao does not hold any other position in the Company or any subsidiary and associate of the Company. Dr. Mao has not held any directorship in any other publicly listed companies in the last three years.

Dr. Mao entered into a service contract with the Company for a term of three years commencing on 6 January 2010. His appointment is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Bye-laws and is subject to termination by *inter alia* either party giving not less than three months’ written notice. Dr. Mao’s current monthly salary is HK\$150,000, which is determined by the Board with reference to his duties and responsibilities and subject to review from time to time.

As at the Latest Practicable Date, Dr. Mao did not have any interest in Shares within the meaning of Part XV of the SFO. Dr. Mao does not have any relationship with other Directors, senior management, Substantial Shareholders or controlling shareholders of the Company.

Save as disclosed above, there are no other matters concerning Dr. Mao that need to be brought to the attention of the Shareholders and there is no other information to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules.

Mr. Johannes Petrus Mulder (“**Mr. Mulder**”), aged 63, has been appointed as an executive director of the Company with effect from 1 June 2010. Mr. Mulder was appointed as an executive director of Prosperity Minerals Holdings Limited on 1 April 2007, a subsidiary of the Company whose shares are currently listed on Alternative Investment Market of the London Stock Exchange. Mr. Mulder has over 30 years of extensive international experience in the mining and steel industries in South Africa, Hong Kong and China. Mr. Mulder joined Prosperity Minerals Holdings Limited from Exxaro Resources Limited (formerly known as Kumba Resources Limited), one of the leading iron ore mining companies in South Africa, where he worked as a general manager and then manager of business development in South Africa. Mr. Mulder also held senior positions in Kumba Resources Limited, including the Chief Representative of Kumba Resources, Beijing during 1997 to 2002, and a director and general manager of Kumba Hong Kong Limited and a director of Kumba Hongye Zinc Company during 2003 to 2006. Mr. Mulder graduated from the University of Pretoria with a Bachelor’s degree in Engineering (Mining) in 1969 and from the University of South Africa with a Bachelor’s degree in Commerce (Business Economics, Economics, Industrial Psychology) in 1979, an Honours degree in Commerce (Business Economics) in 1981 and a Master’s degree in Commerce (Business Economics) in 1983. Save as disclosed above, Mr. Mulder does not hold any other position in the Company or any subsidiary and associate of the Company and Mr. Mulder has not held any directorship in any other publicly listed company in the last three years.

Mr. Mulder entered into a service contract with the Company for a term of three years commencing on 1 June 2010. His appointment is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Bye-laws and is subject to termination by *inter alia* either party giving not less than three months' written notice. Mr. Mulder's monthly salary is HK\$100,000, which is determined by the Board with reference to his job responsibility with the Group and the prevailing market rate of his position.

As at the Latest Practicable Date, Mr. Mulder did not have any interest in Shares within the meaning of Part XV of the SFO. Mr. Mulder does not have any relationship with other Directors, senior management, Substantial Shareholders or controlling shareholders of the Company.

Save as disclosed above, there are no other matters concerning Mr. Mulder that need to be brought to the attention of the Shareholders and there is no other information to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules.

Ms. Gloria Wong ("**Ms. Wong**"), aged 27, has been appointed as an executive director of the Company with effect from 1 June 2010. Ms. Wong joined the Group in 2009. She has more than 3 years' working experience and she is currently responsible for assisting in the implementation of decisions and policies relating the Group's overall business plan as approved by the Board from time to time. Ms. Wong graduated from Queen Mary, University of London with a Bachelor's degree in Economics and Finance and from King's College London with a Master's degree in International Management. Save as disclosed above, Ms. Wong does not hold any other position in the Company or any subsidiary and associate of the Company and Ms. Wong has not held any directorship in any other publicly listed company in the last three years.

Ms. Wong entered into a service contract with the Company for a term of three years commencing on 1 June 2010. Her appointment is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Bye-laws and is subject to termination by *inter alia* either party giving not less than three months' written notice. Ms. Wong's monthly salary is HK\$100,000, which is determined by the Board with reference to her job responsibility with the Group and the prevailing market rate of her position.

As at the Latest Practicable Date, Ms. Wong did not have any interest in Shares within the meaning of Part XV of the SFO. Ms. Wong is the daughter of Mr. Wong Ben Koon, who is the chairman and an executive Director of the Company. Other than the relationship with Mr. Wong Ben Koon, Ms. Wong does not have any relationship with any director, senior management, substantial or controlling shareholder of the Company.

Save as disclosed above, there are no other matters concerning Ms. Wong that need to be brought to the attention of the Shareholders and there is no other information to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules.

NOTICE OF ANNUAL GENERAL MEETING



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)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Prosperity International Holdings (H.K.) Limited (the “**Company**”) will be held at Suites 1801-6, 18th Floor, Tower 2, The Gateway, 25 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong on Wednesday, 8 September 2010 at 3 p.m. for the following purposes:

As ordinary business

1. To receive and consider the audited financial statements and the reports of the directors of the Company (the “**Directors**”) and of the auditors of the Company (the “**Auditors**”) for the year ended 31 March 2010;
2. To declare a final dividend of HK 2 cents per ordinary share for the year ended 31 March 2010, subject to the shareholders of Prosperity Minerals Holdings Limited (“PMHL”), a 52.84%-owned subsidiary of the Company, approving its final dividend for the year ended 31 March 2010. To declare a final dividend of HK 1 cent per ordinary share for the year ended 31 March 2010, in the event that the shareholders of PMHL do not approve the declaration of the said final dividend;
3.
 - (a) To re-elect Mr. Kong Siu Keung as an executive Director.
 - (b) To re-elect Mr. Yuen Kim Hung, Michael as an independent non-executive Director.
 - (c) To re-elect Dr. Mao Shuzhong as an executive Director.
 - (d) To re-elect Mr. Johannes Petrus Mulder as an executive Director.
 - (e) To re-elect Ms. Gloria Wong as an executive Director.
4. To authorise the board of Directors (the “**Board**”) to fix the Directors’ remuneration;
5. To re-appoint the Auditors and to authorise the Board to fix their remuneration; and

** for identification purpose only*

NOTICE OF ANNUAL GENERAL MEETING

As special business

ORDINARY RESOLUTIONS

6. To consider and if thought fit, pass with or without amendment, the following resolution as an ordinary resolution:

“**THAT:**

- (a) subject to sub-paragraph (c) of this resolution, pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) as amended from time to time (the “**Listing Rules**”), the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares of the Company (the “**Shares**”) and to make or grant offers, agreements and options, including warrants to subscribe for Shares, which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;
- (b) the approval in sub-paragraph (a) of this resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate number of Shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval in subparagraph (a) of this resolution, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants issued by the Company or any securities which are convertible into Shares; or (iii) the exercise of any options granted under the share option scheme of the Company; or (iv) any scrip dividend or similar arrangement providing for the allotment and issue of Shares in lieu of the whole or part of the dividend on Shares in accordance with the bye-laws of the Company (the “**Bye-laws**”), shall not exceed 20% of the issued share capital of the Company as at the date of the passing of this resolution and the said approval shall be limited accordingly; and
- (d) for the purposes of this resolution:

“**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws, the Companies Act 1981 of Bermuda or any other applicable laws of Bermuda to be held; and

NOTICE OF ANNUAL GENERAL MEETING

- (iii) the date on which the authority set out in this resolution is revoked or varied by the passing of an ordinary resolution of the shareholders of the Company (the “**Shareholders**”) in general meeting.

“**Rights Issue**” means an offer of Shares, or offer or issue of warrants, options or other securities of the Company giving rights to subscribe for Shares, open for a period fixed by the Directors to holders of Shares or any class thereof on the register on a fixed record date in proportion to their then holdings of such Shares or class thereof (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company).”

7. To consider and, if thought fit, pass with or without amendment(s) the following resolution as an ordinary resolution:

“**THAT:**

- (a) subject to sub-paragraph (b) of this resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase Shares on the Stock Exchange or any other exchange on which the Shares may be listed and recognised for this purpose by the Securities and Futures Commission of Hong Kong and the Stock Exchange under the Code on Share Repurchases (the “**Recognised Stock Exchange**”) subject to and in accordance with all applicable laws and the requirements of the Listing Rules or that of any other Recognised Stock Exchange, be and the same is hereby generally and unconditionally approved;
- (b) the aggregate number of Shares which may be purchased by the Company pursuant to the approval in sub-paragraph (a) of this resolution during the Relevant Period shall not exceed 10% of the issued share capital of the Company as at the date of the passing of this resolution and the said approval shall be limited accordingly; and
- (c) for the purposes of this resolution:

“**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws, the Companies Act 1981 of Bermuda or any other applicable laws of Bermuda to be held; and
- (iii) the date on which the authority set out in this resolution is revoked or varied by the passing of an ordinary resolution of the Shareholders in general meeting.”

NOTICE OF ANNUAL GENERAL MEETING

8. To consider and, if thought fit, pass with or without amendment(s) the following resolution as an ordinary resolution:

“**THAT** conditional upon resolutions 6 and 7 set out in the notice convening the meeting of which this resolution forms part being passed, the aggregate number of Shares which may be repurchased by the Company after the date of the passing of this resolution (up to a maximum of 10% of the issued share capital of the Company as stated in resolution 7 set out in the notice convening the meeting of which this resolution forms part) shall be added to the number of Shares that may be allotted or agreed conditionally or unconditionally to be allotted and issued by the Directors under the authority granted pursuant to resolution 6 set out in the notice convening the meeting of which this resolution forms part.”

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

Hong Kong, 5 August 2010

The Directors as at the date of this notice are:

Executive Directors:

Mr. WONG Ben Koon (*Chairman*)
Mr. SUN Yong Sen (*Deputy chairman*)
Dr. MAO Shuzhong (*Chief executive officer*)
Mr. KONG Siu Keung
Mr. Johannes Petrus MULDER
Ms. Gloria WONG

Independent Non-Executive Directors:

Mr. Mo Kwok Choi
Mr. Yuen Kim Hung, Michael
Mr. Yung Ho

Notes:

- (1) Any Shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint another person as his proxy to attend and vote instead of him. A Shareholder who is the holder of two or more Shares may appoint more than one proxy to attend on the same occasion. A proxy need not be a Shareholder.
- (2) In order to be valid, a form of proxy and the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power of authority, must be deposited at the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the meeting or any adjournment thereof.

NOTICE OF ANNUAL GENERAL MEETING

- (3) Delivery of the form of proxy will not preclude a Shareholder from attending and voting in person at the meeting convened and in such event, the form of proxy shall be deemed to be revoked.
- (4) In the case of joint registered holders of any Share, any one of such joint registered holders may vote at the meeting, either in person or by proxy, in respect of such Share as if he/she were solely entitled thereto, but if more than one of such joint registered holders be present at the meeting, the vote of the most senior who tenders a vote either personally or by proxy shall be accepted to the exclusion of the votes of the other joint registered holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register in respect of the joint holding.
- (5) The register of members will be closed from Wednesday, 1 September 2010 to Wednesday, 8 September 2010 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:00 p.m. on Tuesday, 31 August 2010.
- (6) With respect to the resolution numbered 3 of this notice, Mr. Kong Siu Keung, Mr. Yuen Kim Hung, Michael, Dr. Mao Shuzhong, Mr. Johannes Petrus Mulder and Ms. Gloria Wong shall retire and, being eligible, offer themselves for re-election. Details of their information which are required to be disclosed under the Listing Rules are set out in the circular of the Company dated 5 August 2010.