

# Prosperity International Holdings (H.K.) Limited

*(A company incorporated in Bermuda with limited liability)*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

Mr. YUNG Ho  
Flat C, 9/F., Block 7  
Villa Esplanade  
Tsing Yi  
Hong Kong

1st September 2008

Dear Sir,

## Appointment of Independent Non-Executive Director

We hereby write to confirm the terms and conditions of your continued appointment as an independent non-executive director of Prosperity International Holdings (H.K.) Limited (the "Company") pursuant to the expiration of the letter of appointment entered into between the Company and yourself on 1st September 2005:-

1. Your appointment as an Independent Non-Executive Director of the Company shall continue for a term of two (2) years and will take effect from the date hereof. Subject to Clause 13.1 below, your appointment shall be terminable by either of us by giving the other party not less than one month's prior notice in writing.
2. You shall be entitled to an annual remuneration of HK\$120,000 or pro-rata amount for any incomplete year. You are recommended to seek professional advice on whether the amount of any remuneration payable to you as a director of the Company is subject to Hong Kong salaries tax and, if so, to include the details of such remuneration in your salaries tax return. The Company's procedures require you to obtain an authorization in advance from the Chairman of the board of directors of the Company (the "Board") for any item of expenditure that is to be reasonably incurred by you in the discharge of your duties hereunder.
3. As an Independent Non-Executive Director, you shall not be eligible to participate in any bonus schemes (other than share schemes (if any) which are in accordance with the Listing Rules) or other benefits in kind available to executive directors of the Company.
4. Your appointment is subject to the provisions of the Company's bye-laws (the "Bye-Laws"), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Companies Act 1981 of Bermuda (the "Act") (as in force or applicable from time to time).

5. You shall devote such of your time, your attention and skill as may reasonably be required to the duties of your position as an Independent Non-Executive Director and shall faithfully and diligently perform such functions and exercise such powers as are appropriate to your position as an Independent Non-Executive Director. These will include (but not be limited to) attending Board meeting and general meeting of the Company and meeting of any board committee of which you become a member. During the term of your appointment, you will also serve as a member of the committee for reviewing and making decisions on transactions relating to the Group (as defined hereunder).
6. In the discharge of your duties and functions as an Independent Non-Executive Director, you shall observe and comply with all reasonable directions from, and all laws applicable to and all regulations of, the Company including, without prejudice to the generality of the foregoing, all laws and regulations from time to time in force with respect to confidentiality, dealings in shares and notifications required to be made by a director to the Company and/or any other regulatory body. In addition, you shall observe, and use your best endeavours to procure that the Company observes, the rules and regulations of the Stock Exchange and the Hong Kong Codes on Takeovers and Mergers and Share Repurchases.
7. You shall not, either during the term of your appointment as an Independent Non-Executive Director or thereafter:-
  - (a) use to the detriment or prejudice of the Company, its subsidiaries and its associated corporations (the “Group”) or divulge or communicate to any person, any trade secret or confidential information concerning the business or affairs of the Group (except to employees or directors of the Group whose province is to know the same or to the professional advisers or agents of the Group owing a duty of confidentiality to the Group) which may have come to your knowledge; or
  - (b) use for your own purpose or for any purpose other than those of the Group any information or knowledge of a confidential nature which you, may from time to time acquire in relation to any member of the Group but so that this restriction shall cease to apply to any information or knowledge which may come into the public domain (otherwise than through your default).
8. You shall not, during the term of your appointment and for one year thereafter, be a director or employee or agent of, or have any other material financial interest or involvement in, any business of enterprise which competes or is likely to compete or has a significant business relation with any Group company without the prior written consent of the Board, such consent not to be unreasonably withheld or delayed.
9. You shall at all times keep the Board promptly and fully informed (in writing if so requested) of any of your business or other activities which would or is likely to cause you to be in conflict with the interest of the Company. Without prejudice to the foregoing provisions, in the event any circumstance arises during the term of your appointment which requires you to seek independent legal advice in relation to your

responsibilities as a director of the Company, the Company shall reimburse you all reasonable legal costs incurred.

10. You shall promptly upon request by the Company or in any event upon your ceasing to be an Independent Non-Executive Director deliver up to the Company all lists of clients or customers, correspondence and all other documents, papers and records which may have been prepared by you or have come into your possession as a director of the Company, and you shall not be entitled to and shall not retain any copies thereof. Title and copyright therein shall vest in the Company.
11. You hereby represent and warrant to the Company that:-
  - (a) you do not hold more than one per cent. of the total issued share capital of the Company, whether legally or beneficially, as at the date of this appointment letter;
  - (b) you have not received any interests in any securities of the Company as a gift or otherwise, or by means of other financial assistance, from a connected person (as defined in the Listing Rules) of the Company or the Company itself;
  - (c) you are not a director, partner or principal of any professional adviser which currently provides or has within one year immediately prior to the date of your appointment provided services, nor is an employee of such professional adviser who is or has been involved in providing such services during the same period, to the Company, its associates or connected persons, or any person who was a controlling shareholder of the Company within one year immediately prior to the date of your appointment;
  - (d) you do not have any material interest in any principal business activity of or are involved in any material business dealings with the Company, its associates or with any connected persons of the Company;
  - (e) you are not on the board of directors of any company specifically to protect the interest of an entity whose interests may not be the same as those of the shareholders of the Company as a whole;
  - (f) you are not and were not connected with any director, the chief executive or any substantial shareholder of the Company within two years immediately prior to the date of your appointment;
  - (g) you are not and have not at any time during the two years immediately prior to the date of your appointment been, an executive or director (other than an independent non-executive director) of the Company, of its holding company or of any of their respective subsidiaries or of any connected persons of the Company;
  - (h) you are not financially dependent on the Company, its holding company or any of their respective subsidiaries or connected persons of the Company;

- (i) there are no other factors which are relevant in assessing your independence as a director of the Company under Rule 3.13 of the Listing Rules; and
- (j) there are no other factors that may affect your independence at the same time as the submission of your declaration and undertaking in Form B.

12. You hereby undertake to the Company:-

- (a) to provide, pursuant to Rule 3.20 of the Listing Rules, immediately upon your resignation as an Independent Non-Executive Director, an up-to-date contact information, including an address for correspondence from and service of notices and other documents by the Stock Exchange and telephone number;
- (b) to inform the Company as soon as practicable if there is any subsequent change of circumstances which includes, but without limitation to, any of the circumstances set forth in Clause 11, which may affect your independence in relation to your appointment as an Independent Non-Executive Director of the Company; and
- (c) to provide an annual confirmation of your independence to the Company.

13. Termination

13.1 Your appointment will terminate automatically without any requirement for notice or compensation if:

- (a) you are disqualified to act as a director under the Bye-Laws, the Act, the Listing Rules or other applicable rules and regulations;
- (b) you retire from the office as a director in accordance with the Bye-Laws or the Act;
- (c) you are removed from office as a director in accordance with the Bye-Laws or the Act; or
- (d) you are not re-elected as a director when you submit yourself to re-election.

13.2 Your appointment may be terminated by the Company by summary notice in writing if you:

- (a) have become guilty of any serious misconduct or committed any material or repeated breach of your obligations as a director;
- (b) are guilty of conduct tending to bring the Company into disrepute;
- (c) become bankrupt or have an interim order made against you, or if you compound with your creditors generally;
- (d) are disqualified from being a director by reason of any court order; or

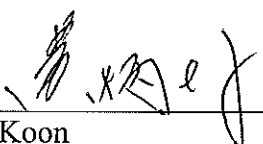
- (e) have been convicted of a criminal offence relating to integrity or honesty or of market abuse of insider dealing.

13.3 Termination of your appointment shall be without prejudice to any rights which have accrued to the parties hereto prior to such termination. You shall have no claim against the Company for damages or otherwise by reason of termination of your appointment, other than for any remuneration due under Clause 2.


The terms of this appointment letter shall be governed by and construed in accordance with the laws of the Hong Kong Special Administrative Region of the People's Republic of China.

Please sign, date and return to us the duplicate copy of this letter of appointment to confirm your acceptance of its terms.

Yours faithfully,  
For and on behalf of  
Prosperity International Holdings (H.K.) Limited

  
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Wong Ben Koon

I, Yung Ho, accept my appointment as an Independent Non-Executive Director on the terms and conditions as set out above, of which this is a copy. I further confirm that I fully understand my duties and obligations as an Independent Non-Executive Director of the Company.

Signed:   
\_\_\_\_\_  
Name: Yung Ho  
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Date: 1 September 2008  
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