
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 immediately consult your licensed securities dealer, 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 (the “Company”), you should at once hand this circular with the enclosed form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale was effected for transmission to the purchaser or transferee. This circular is addressed to the shareholders of the Company in connection with an annual general meeting to be held on Wednesday, 20 August 2008. This circular is for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for the shares or other securities in the Company.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



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: 8139)

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES, RE-ELECTION OF DIRECTORS AND NOTICE OF THE ANNUAL GENERAL MEETING

A letter from the Board is set out on pages 3 to 6 of this circular.

The notice convening an annual general meeting (“AGM”) of Prosperity International Holdings (H.K.) Limited to be held at 10:00 a.m. on Wednesday, 20 August 2008 at Suites 1801-6, 18th Floor, Tower 2, The Gateway, 25 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong is despatched together with this circular. Whether or not you are able to attend the AGM in person, you are requested to complete and return the enclosed form of proxy for the AGM in accordance with the instructions printed thereon and return it to the Company’s branch share registrar in Hong Kong, Tricor Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding of the meeting or the adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the AGM or any adjournment thereof in person should you so wish.

This circular will remain on the “Latest Company Announcements” page of the GEM Website “www.hkgem.com” at least 7 days from the date of its posting and on the Company’s website at <http://www.equitynet.com.hk/8139>.

* *for identification purpose only*

25 July 2008

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on The Stock Exchange of Hong Kong Limited. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held at Suites 1801-6, 18th Floor, Tower 2, The Gateway, 25 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong on Wednesday, 20 August 2008, at 10:00 a.m.
“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company
“Company”	Prosperity International Holdings (H.K.) Limited (昌興國際控股(香港)有限公司*), an exempted company and incorporated in Bermuda with limited liability and the Shares of which are listed on GEM
“Directors”	the directors of the Company
“GEM”	The Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	The Rules governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited, as modified from time to time
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	22 July 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Repurchase Mandate”	a general and unconditional mandate to exercise all the powers of the Company to purchase Shares not exceeding 10% of the Company’s issued share capital as at the date of the resolution to approve such mandate until the conclusion of the next annual general meeting of the Company (or such earlier period as stated in the resolution)
“Share(s)”	ordinary shares of HK\$0.01 each in the share capital of the Company

* *for identification purpose only*

DEFINITIONS

“Share Issue Mandate”	a general and unconditional mandate to allot, issue, or otherwise deal with additional Shares not exceeding 20% of the Company’s issued share capital as at the date of the resolution to approve such mandate until the conclusion of the next annual general meeting of the Company
“Share Repurchase Rules”	the applicable provisions under the GEM Listing Rules to regulate the repurchase of their own securities by companies with listing on GEM
“Shareholder(s)”	registered holder(s) of the Share
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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: 8139)

Executive Directors:

Mr. Wong Ben Koon (*Chairman*)

Mdm. Hon Ching Fong

Mr. Kong Siu Keung

Registered office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Independent non-executive Directors:

Mr. Mo Kwok Choi

Mr. Yuen Kim Hung, Michael

Mr. Yung Ho

*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

25 July 2008

To the Shareholders

Dear Sirs or Madams,

**GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES,
RE-ELECTION OF DIRECTORS
AND
NOTICE OF THE ANNUAL GENERAL MEETING**

I. INTRODUCTION

At the forthcoming AGM of the Shareholders to be held on Wednesday, 20 August 2008, the following resolutions, amongst others, will be proposed:

- (i) to grant the Directors a general mandate to issue Shares and to exercise the powers of the Company to undertake repurchases of its own Shares on GEM; and
- (ii) to re-elect the Directors.

The purpose of this circular is to provide you with the resolutions proposed at the AGM set out above so as to give you all information reasonably necessary to enable you to make an informed decision on whether to vote for or against the proposed resolutions at the AGM.

* for identification purpose only

LETTER FROM THE BOARD

II. GENERAL MANDATES

1. General mandate to issue Shares

At the AGM, an ordinary resolution will be proposed to grant the Board a general and unconditional mandate to allot, issue, or otherwise deal with additional Shares not exceeding 20% of the Company's issued share capital as at the date of such resolution (as adjusted in accordance with the resolution) for the period until the conclusion of the next annual general meeting of the Company (or such earlier period as stated in the resolution). As at the Latest Practicable Date, the issued share capital of the Company comprised 2,001,171,060 Shares. On the basis of no further Shares will be issued or repurchased prior to the AGM, the Company would be allowed to allot, issue or otherwise deal with additional Shares not exceeding 400,234,212 Shares, representing 20% of the Company's issued share capital.

2. General mandate to repurchase Shares

At the AGM, an ordinary resolution will be proposed to grant the Board a general and unconditional mandate to exercise all the powers of the Company to purchase Shares not exceeding 10% of the Company's issued share capital as at the date of the resolution to approve such mandate until the conclusion of the next annual general meeting of the Company (or such earlier period as stated in the resolution).

In accordance with the GEM Listing Rules, an explanatory statement is set out in Appendix I of this circular to provide you with requisite information reasonable necessary to enable you to make an informed decision on whether to vote for or against the proposed ordinary resolution for the grant of the Repurchase Mandate at the AGM.

III. RE-ELECTION OF DIRECTORS

Pursuant to Bye-law 87 of the Bye-laws, Mr. Wong Ben Koon and Mr. Kong Siu Keung will retire by rotation at the forthcoming AGM, and, being eligible, will offer themselves for re-election.

The Directors subject to retirement by rotation set out on page 24 of our 2008 annual report should be Mr. Kong Siu Keung and Mr. Wong Ben Koon instead of Mr. Kong Siu Keung and Mr. Yung Ho.

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

LETTER FROM THE BOARD

IV. PROCEDURES FOR DEMANDING A POLL

Pursuant to Bye-law 66 of the Bye-laws, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless voting by way of a poll is required by the rules of the Designated Stock Exchange (as defined in the Bye-laws) or (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the chairman of the meeting; or
- (b) by at least three Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (c) by a Shareholder or Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or
- (d) by a Shareholder or Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right; or
- (e) if required by the rules of the Designated Stock Exchange, by any Director or Directors who, individually or collectively, hold proxies in respect of shares respectively five per cent. (5%) or more of the total voting rights at such meeting.

A demand by a person as proxy for a Shareholder or in the case of a Shareholder being a corporation by its duly authorised representative shall be deemed the same as a demand by a Shareholder.

V. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM 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:

- (a) the information contained in this circular is accurate and complete in all material respects and not misleading;
- (b) there are no other matters the omission of which would make any statement in this circular misleading; and

LETTER FROM THE BOARD

- (c) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

VI. ACTION TO BE TAKEN

Whether or not you intend to attend the AGM, you are requested to complete and return the form of proxy accompanying the notice of the AGM in accordance with the instructions printed thereon not less than 48 hours before the time appointed for holding the AGM. The return of a form of proxy will not preclude you from attending and voting in person if you so wish.

VII. RECOMMENDATION

The Directors believe that the Share Issue Mandate, Repurchase Mandate and re-election of Directors are all in the best interest of the Company and the Shareholders as a whole. Accordingly, the Directors recommend you to vote in favour of all the resolutions to be proposed at the AGM.

VIII. GENERAL INFORMATION

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

Yours faithfully,
For and on behalf of the Board
Wong Ben Koon
Chairman

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

SHARE REPURCHASE RULES

The Share Repurchase Rules provide that all proposed repurchases of securities by a company with listing on GEM must be approved in advance by an ordinary resolution of its shareholders in general meeting, either by way of a general mandate or by a specific approval of a particular transaction. A maximum of 10% of the fully paid-up securities of a company as at the date of the passing of the relevant resolution may be repurchased on GEM.

SHARE CAPITAL

As at the Latest Practicable Date, the authorised share capital of the Company comprised of 10,000,000,000 Shares and the number of Shares in issue is 2,001,171,060.

Subject to the passing of the relevant ordinary resolution and on the basis that no further Shares will be issued or repurchased prior to the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 200,117,106 Shares, equivalent to 10% of the issued share capital of the Company as at the date of the resolution granting the Repurchase Mandate, during the Relevant Period in which the Repurchase Mandate remains in force. Any Shares repurchased pursuant to the Repurchase Mandate must be fully-paid up.

“Relevant Period” means the period from the date of the passing of the 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 of the Company, 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 the resolution is revoked or varied by the passing of an ordinary resolution of the Shareholders in general meeting.

MARKET PRICES

The highest and lowest closing prices at which Shares have been traded on GEM during the current month and in each of the previous 12 months preceding the printing of this circular were as follows:

	Price per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2007		
July	0.142	0.099
August	0.130	0.092
September	0.110	0.100
October	0.232	0.100
November	0.225	0.192
December	0.324	0.240
2008		
January	0.375	0.250
February	0.275	0.233
March	0.310	0.228
April	0.275	0.230
May	0.295	0.242
June	0.260	0.220
July (up to the Latest Practicable Date)	0.228	0.201

Note: The closing prices from July 2007 to January 2008 have been adjusted to reflect the share subdivision which became effective on 7 January 2008.

REASONS FOR REPURCHASE

The Directors believe that the ability to repurchase Shares is in the interests of the Company and the Shareholders. Repurchases may, depending on the circumstances, result in an increase in net assets and/or earnings per Share. The Directors are seeking the Repurchase Mandate to give the Company the flexibility to do so if and when appropriate. The number(s) and class(es) of shares to be repurchased will be decided by the Directors at the relevant time having regard to the circumstances then pertaining.

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 of the Company, the GEM 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.

There may be an 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 2008) in the event that the Repurchase Mandate is 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

To the best knowledge of the Directors who have made all reasonable enquiries, none of the Directors or their associates (as defined under the GEM Listing Rules) has a present intention to sell shares to the Company or has undertaken not to do so in the event that the general mandate is approved by the Shareholders.

DIRECTORS' UNDERTAKING

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make purchases pursuant to the Repurchase Mandate only in accordance with the GEM 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, (1) Harmony Asset Limited, a company incorporated in the Cayman Islands with limited liability and listed on the Main Board of the Stock Exchange held approximately 11.64% of the issued share capital of the Company, (2) Mr. Li Yiu Keung held approximately 14.42% of the issued share capital of the Company, (3) Madam Shing Shing Wai (the spouse of Mr. Wong Ben Koon) held approximately 0.85% of the issued share capital of the Company, and (4) Mr. Wong Ben Koon held approximately 25.68% of the issued share capital of the Company directly and his concert party Well Success Group Limited ("**Well Success**") held approximately 15.95% of the issued share capital of the Company. Well Success is beneficially owned, as to 31.47% by Mr. Wong Ben Koon, 10.13% by Mr. Ng Hon Fai and 58.4% by Advance Success Limited which is owned as to 50% by Mr. Wong Ben Koon and 50% by Mdm. Hon Ching Fong (a Director).

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 Harmony Asset Limited, Mr. Li Yiu Keung, Madam Shing Shing Wai, Mr. Wong Ben Koon and Well Success and there is no other change to the issued share capital of the Company, the shareholdings of Harmony Asset Limited, Mr. Li Yiu Keung, Mr. Wong Ben Koon (including the shares held by Madam

Shing Shing Wai and Well Success) and Well Success in the Company will be increased to approximately 12.94%, 16.02%, 47.20% and 17.72% respectively. Mr. Wong Ben Koon would be required under Rule 26 of the Takeovers Code to make a mandatory offer pursuant to such increase. In such an event, the Directors will take all necessary steps to comply with the GEM Listing Rules and the Takeovers Code. Nevertheless, the Directors have no present intention to exercise the Repurchase Mandate to such extent as would, in the circumstances, trigger any potential consequences under the Takeovers Code. Save as mentioned, 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 held by the public being reduced to less than 20% of the total issued share capital of the Company.

SHARE REPURCHASE BY THE COMPANY

No purchase has been made by the Company of Shares in the six months prior to the Latest Practicable Date.

CONNECTED PERSONS

No connected person (as defined under the GEM Listing Rules) of the Company has notified the Company of a present intention to sell Shares to the Company and no such person has undertaken not to sell any such Shares to the Company in the event that the Repurchase Mandate is granted by the Shareholders.

In accordance with the Bye-laws, the following Directors will retire from office at the AGM and, being eligible, the following Directors will offer themselves for re-election:–

Mr. Wong Ben Koon (“Mr. Wong”), aged 55, is an executive Director and chairman of the Company. Mr. Wong is one of the co-founders of the Group and responsible for deriving the corporate culture and long term strategic plan of the Group. He has extensive experience in construction materials and mineral resources industries in the People’s Republic of China (the “PRC”) and global markets. Mr. Wong has entered into a service contract with the Company and his monthly salary is HK\$60,000, which is determined by the Board with reference to his duties and responsibilities. The term of his appointment as director of the Company commenced from 1 July 2001 which will continue thereafter until terminated by not less than three months’ prior notice in writing given by either party to the other.

Mr. Wong is a director of Profit World Ventures Limited, Prosperity Trading Limited, Prosperity Cement (Asia) Limited, Prosperity Cement Shipping Limited, Prosperity Cement (Asia) Limited – Macao Commercial Offshore, Prosperity Resources (Asia) Limited, Success Top Enterprise Limited, Sharp Advance International Limited and WM Aalbrightt Investment Holdings (Hong Kong) Limited, all being subsidiaries of the Company. Mr. Wong is also a director of Jiangdu Haichang Port Industrial Company Limited, which is an associate of the Company. Apart from the above, Mr. Wong does not hold any other position in the Company or any subsidiary and associate of the Company.

As at the Latest Practicable Date, Mr. Wong has a personal interest, family interest and corporate interest of 513,851,060 Shares, 17,000,000 Shares and 319,176,000 Shares of the Company respectively, within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”). Mr. Wong is also interested in 60,000,000 share options of the Company. Mr. Wong have beneficial interests in Prosperity Minerals Group Limited, Max Start Holdings Limited and Max Will Profits Limited (collectively, the “Relevant Companies”), respectively. Mr. Wong is a director of the Relevant Companies. Mr. Wong and the Relevant Companies are collectively interested in 40.91% of the issued share capital of Prosperity Minerals Holdings Limited (“PMHL”), a company listed on Alternative Investment Market of The London Stock Exchange plc. PMHL is also indirectly interested in 33.06% of issued share capital of Anhui Chaodong Cement Company Limited (“ACC”), a company listed on The Shanghai Stock Exchange of the PRC. Mr. Wong is a director of PMHL and its subsidiaries and associates, including ACC. Apart from the above, Mr. Wong does not hold any directorship in other listed companies in the past three years.

Save that Mr. Wong is the spouse of Madam Shing Shing Wai, a substantial shareholder of the Company, Mr. Wong does not have any relationship with the directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company.

Mr. Kong Siu Keung (“Mr. Kong”), aged 39, is an executive director and 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 joined the Group in January 2004 and has over 15 years’ experience in finance and accounting field. Mr. Kong has entered into a service contract with the Company and his monthly salary is HK\$100,000, which is determined by the Board with reference to his duties and responsibilities. The term of Mr. Kong’s appointment as director of the Company commenced from 12 February 2004 which will continue thereafter until terminated by not less than three months’ prior notice in writing given by either party to the other.

Mr. Kong is the qualified accountant and company secretary of the Company, and is the financial controller of Profit World Ventures Limited, Prosperity Trading Limited, Prosperity Cement (Asia) Limited, Prosperity Cement Shipping Limited, Prosperity Cement (Asia) Limited – Macao Commercial Offshore, Prosperity Resources (Asia) Limited, Success Top Enterprise Limited, Sharp Advance International Limited and WM Aalbrightt Investment Holdings (Hong Kong) Limited, all being subsidiaries of the Company. Mr. Kong is a director of Prosperity Cement (Asia) Limited – Macao Commercial Offshore. Apart from the above, Mr. Kong does not hold any other position in the Company or any subsidiary and associate of the Company. Mr. Kong does not hold any directorship in other listed companies in the past three years.

As at the Latest Practicable Date, according to the register maintained by the Company pursuant to Part XV of the SFO, he is interested in 24,000,000 share options of the Company.

Mr. Kong does not have any relationship with the directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company.

Save as disclosed above, there are no information to be disclosed pursuant to any of the requirements of Rule 17.50(2) of the GEM Listing Rules (particularly in relation to sub-paragraphs (h) to (v) therein) nor are there any other matters that need to be brought to the attention of the Shareholders in respect of each of the above Directors.

**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: 8139)****NOTICE OF ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the Annual General Meeting of 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, 20 August 2008 at 10:00 a.m. for the following purposes:

As Ordinary Business

1. To receive and consider the audited financial statements and the reports of the Directors and of the Auditors for the year ended 31 March 2008;
2. To re-elect the Directors;
3. To authorise the Board of Directors to fix the Directors' remuneration;
4. To re-appoint the Auditors and to authorise the Board of Directors to fix their remuneration; and

As Special Business

5. 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 (the **“GEM Listing Rules”**) Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the **“Stock Exchange”**) as amended from time to time, the exercise by the directors of the Company (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;

* *for identification purpose only*

- (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 nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) 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 of the Company; 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, shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue 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 of the Company, 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 of the Company 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 of the Company 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).”

6. 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 Hong Kong Code on Share Repurchases (the **“Recognised Stock Exchange”**) subject to and in accordance with all applicable laws and the requirements of the GEM Listing Rules as amended from time to time or that of any other Recognised Stock Exchange, be and the same is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of the 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 per cent. of the aggregate nominal amount 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 of the Company, 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 of the Company in general meeting.”

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

“THAT conditional upon Resolution 5 and Resolution 6 set out in the notice convening this meeting of which this resolution forms part being passed, the aggregate nominal amount of the issued share capital of the Company which are repurchased by the Company after the date of the passing of this Resolution (up to a maximum of 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as stated in Resolution 6 set out in the notice

convening this meeting of which this resolution forms part) shall be added to the aggregate nominal amount of share capital that may be allotted or agreed conditionally or unconditionally to be allotted and issued by the directors of the Company under the authority granted pursuant to Resolution 5 set out in the notice convening this meeting of which this resolution forms part.”

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

Hong Kong, 25 July 2008

The Directors as at the date of this notice are:

Executive Directors:

Mr. Wong Ben Koon (*Chairman*)
Mdm. Hon Ching Fong
Mr. Kong Siu Keung

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 of the Company.
- (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 share registrar, 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.
- (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) With respect to resolution numbered 2 of this notice, Mr. Wong Ben Koon and Mr. Kong Siu Keung (instead of Mr. Kong Siu Keung and Mr. Yung Ho as set out on page 24 of the 2008 annual report of the Company) shall retire by rotation and, being eligible, offer themselves for re-election. Details of their information which are required to be disclosed under the GEM Listing Rules are set out in the circular of the Company dated 25 July 2008.