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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

**If you have sold or transferred** all your shares in **Prosperity Investment Holdings Limited** (the “Company”), you should at once hand this circular, 2009 annual report and the accompanying proxy form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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**PROSPERITY INVESTMENT HOLDINGS LIMITED**

**嘉進投資國際有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 310)**

- (1) GENERAL MANDATES TO REPURCHASE SHARES AND TO ISSUE NEW SHARES;**
- (2) RE-ELECTION OF RETIRING DIRECTORS;**
- (3) CHANGE OF AUDITOR;**
- (4) INCREASE IN AUTHORISED SHARE CAPITAL;**
- (5) SHARE SUBDIVISION AND CHANGE IN BOARD LOT SIZE; AND**
- (6) NOTICE OF ANNUAL GENERAL MEETING**

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A notice convening the annual general meeting of the Company to be held at Regus Conference Centre, 35th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Friday, 25 June 2010, at 11:00 a.m. is set out on pages 16 to 19 of this circular. If you do not propose to attend the meeting, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to Tricor Secretaries Limited, the Share Registrars of the Company at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the meeting or any adjournment thereof.

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## DEFINITIONS

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

“Annual General Meeting”	the annual general meeting of the Company to be held at Regus Conference Centre, 35th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Friday, 25 June 2010 at 11:00 a.m. notice of which is set out on pages 16 to 19 of this circular, or any adjournment thereof
“Board”	the board of Directors
“Board Lot Change”	the change of the board lot size for trading in the shares of the Company from 20,000 Shares to 5,000 Subdivided Shares upon the Share Subdivision becoming effective
“Bye-laws”	the existing Bye-laws of the Company
“Capital Increase”	the proposed increase in authorised share capital of the Company from HK\$30,000,000 divided into 300,000,000 Shares to HK\$100,000,000 divided into 1,000,000,000 Shares or if the Share Subdivision becomes effective, 4,000,000,000 Subdivided Shares
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Act”	the Companies Act 1981 of the laws of Bermuda
“Company”	Prosperity Investment Holdings Limited, a company incorporated in Bermuda with limited liability, with its Shares listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	20 May 2010, being the latest practicable date prior to the printing of this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

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## DEFINITIONS

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“Repurchase Proposal”	the proposal to grant a general mandate to the Directors to exercise the powers of the Company to repurchase during the period as set out in the Repurchase Resolution Shares up to a maximum of 10% of the issued share capital of the Company as at the date of the Repurchase Resolution
“Repurchase Resolution”	the proposed ordinary resolution as referred to in resolution no.4A of the notice of the Annual General Meeting
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Share Repurchase Rules”	the relevant rules set out in the Listing Rules to regulate the repurchase by companies with primary listing on the Stock Exchange of their own securities on the Stock Exchange
“Share Subdivision”	the proposed subdivision of every Share (both issued and unissued) of par value HK\$0.10 each into 4 Subdivided Shares of par value HK\$0.025 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subdivided Share(s)”	new ordinary share(s) of HK\$0.025 each in the share capital of the Company following the Share Subdivision becoming effective
“Takeovers Code”	The Code on Takeovers and Mergers and Share Repurchases
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

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## EXPECTED TIMETABLE

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The expected timetable for the implementation of the Share Subdivision and the Board Lot change, as well as the arrangement relating to share certificates upon the Share Subdivision becoming effective

2010

Despatch of the circular regarding, among other things,  
the Share Subdivision . . . . . Tuesday, 25 May

Latest time for lodging proxy forms for the  
Annual General Meeting . . . . . 11:00 a.m., Wednesday, 23 June

Date and time of the Annual General Meeting . . . . . 11:00 a.m., Friday, 25 June

Date of the publication of the results of the Annual General Meeting . . . . . Friday, 25 June

**The following events are conditional on the fulfillment of the conditions for the implementation of the Share Subdivision.**

Effective date of the Share Subdivision . . . . . 9:30 a.m., Monday, 28 June

Dealings in the Subdivided Shares commence . . . . . 9:30 a.m., Monday, 28 June

Original counter for trading in board lots of 20,000 Shares  
temporarily closes . . . . . 9:30 a.m., Monday, 28 June

Temporary counter for trading in Subdivided Shares  
in board lots of 80,000 Subdivided Shares  
(in the form of certificates of existing Shares  
("Existing Share Certificates")) opens . . . . . 9:30 a.m., Monday, 28 June

First day of free exchange of Existing Share Certificates  
for new certificates for the Subdivided Shares  
("New Share Certificates") . . . . . Monday, 28 June

Original counter for trading in Subdivided Shares  
in board lots of 5,000 Subdivided Shares  
(in the form of New Share Certificates) reopens . . . . . 9:30 a.m., Tuesday, 13 July

Parallel trading in the Subdivided Shares  
(in the form of New Share Certificates and the  
Existing Share Certificates) commences . . . . . 9:30 a.m., Tuesday, 13 July

Temporary counter for trading in Subdivided Shares  
in board lots of 80,000 Subdivided Shares  
(in the form of Existing Share Certificates) closes . . . . . 4:00 p.m., Monday, 2 August

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## EXPECTED TIMETABLE

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2010

Parallel trading ends . . . . . 4:00 p.m., Monday, 2 August

Free exchange of Existing Share Certificates for the  
New Share Certificates ends . . . . . 4:00 p.m., Wednesday, 4 August

*Note:* The above expected timetable is for indication only. All times and dates refer to Hong Kong local times and dates.

Further announcement will be made by the Company for changes, if any, in the expected timetable for implementation of the Share Subdivision, the Board Lot Change and the associated trading arrangements as aforesaid.

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LETTER FROM THE BOARD

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**PROSPERITY INVESTMENT HOLDINGS LIMITED**

**嘉進投資國際有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 310)**

*Executive Director:*

LAU Tom Ko Yuen (*Chairman*)

*Independent and Non-Executive Directors:*

FENG Nien Shu

LUI Siu Tsuen, Richard

WONG Lai Kin, Elsa

*Registered office:*

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Principal place of business:*

Suite 2701, Shui On Centre

6–8 Harbour Road

Wanchai

Hong Kong

Hong Kong, 25 May 2010

*To Shareholders,*

Dear Sir or Madam,

- (1) GENERAL MANDATES TO REPURCHASE SHARES AND  
TO ISSUE NEW SHARES;  
(2) RE-ELECTION OF RETIRING DIRECTORS;  
(3) CHANGE OF AUDITOR;  
(4) INCREASE IN AUTHORISED SHARE CAPITAL;  
(5) SHARE SUBDIVISION AND CHANGE IN BOARD LOT SIZE; AND  
(6) NOTICE OF ANNUAL GENERAL MEETING**

**INTRODUCTION**

The purpose of this circular is to give you notice of the Annual General Meeting to be held on 25 June 2010 at 11:00 a.m. and to provide you with information regarding the ordinary resolutions to be proposed at the Annual General Meeting relating to (i) the granting to the Directors of the general mandates to repurchase Shares and to issue new Shares; (ii) the re-election of Directors; (iii) the change of auditor of the Company; (iv) the Capital Increase; and (v) the Share Subdivision and the Board Lot Change.

\* *for identification purpose only*

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## LETTER FROM THE BOARD

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### 1. GENERAL MANDATE TO REPURCHASE SHARES

At the annual general meeting of the Company held on 3 June 2009, a general mandate was granted to the Directors to exercise the powers of the Company to repurchase Shares of the Company. Such mandate will lapse at the conclusion of the forthcoming Annual General Meeting. Accordingly, an ordinary resolution will be proposed at the forthcoming Annual General Meeting to grant a fresh general mandate to the Directors to exercise the powers of the Company to repurchase Shares not exceeding 10% of the issued share capital of the Company as at the date of the passing of such resolution.

This is an explanatory statement as required to be sent to shareholders of the Company under the Share Repurchase Rules to provide requisite information to you for your consideration of the Repurchase Proposal.

#### **Share Capital**

As at the Latest Practicable Date, the issued share capital of the Company comprised 149,589,200 Shares.

Subject to the passing of the Repurchase Resolution and on the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the date of the Annual General Meeting, the Company would be allowed under the Repurchase Proposal to repurchase up to a maximum of 14,958,920 Shares, representing 10% of the issued share capital of the Company as at the Latest Practicable Date.

#### **Reasons for Repurchases**

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

#### **Funding of Repurchases**

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association and Bye-laws and the applicable laws of Bermuda. Bermuda law provides that the amount of capital repaid in connection with a share repurchase may only be paid out of either the capital paid up on the relevant shares, or out of the funds of the Company otherwise available for dividend or distribution or the proceeds of a fresh issue of shares made for the purpose. The amount of premium payable on repurchase may only be paid out of either the funds of the Company that would otherwise be available for dividend or distribution or out of the share premium of the Company before the shares are repurchased.

There might be an adverse impact on the working capital or gearing position of the Company as compared with the position disclosed in the audited accounts contained in the annual report for the year ended 31 December 2009 in the event that the power to repurchase Shares pursuant to the Repurchase Proposal were to be carried out in full at any time during the proposed repurchase



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## LETTER FROM THE BOARD

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period. However, the Directors do not propose to exercise the power to repurchase Shares pursuant to the Repurchase Proposal to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

### Share Price

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

	<b>Highest</b>	<b>Lowest</b>
	<i>HK\$</i>	<i>HK\$</i>
<b>2009</b>		
May	1.35	1.00
June	1.90	1.34
July	1.98	0.77
August	0.90	0.74
September	0.90	0.75
October	1.70	0.81
November	1.77	1.07
December	2.24	1.67
<b>2010</b>		
January	2.20	2.01
February	2.44	2.07
March	2.89	2.32
April	4.25	2.86
May (up to Latest Practicable Date)	3.68	2.50

### Undertaking

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Resolution and in accordance with the Listing Rules, the Bye-laws and the applicable laws of Bermuda.

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

No connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell any Shares to the Company or its subsidiaries, or have undertaken not to do so, in the event that the Repurchase Proposal is approved by the Shareholders.

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## LETTER FROM THE BOARD

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### **Takeovers Code**

If on the exercise of the power to repurchase Shares pursuant to the Repurchase Proposal, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, Mr. LAU Tom Ko Yuen ("Mr. Lau") together with companies controlled by him, was deemed to be interested in 66,722,710 Shares representing approximately 44.60% of the issued capital of the Company.

*Note:*

Apart from 66,722,710 Shares beneficially owned by Favor Hero Investments Limited ("Favor Hero") as at the Latest Practicable Date, it is also interested in 11,538,461 Shares upon exercise in full of the conversion rights attaching to a convertible notes to be issued pursuant to the conditional convertible notes subscription agreement dated 28 January 2010 entered into between the Company and Favor Hero, details of which have been disclosed in the announcement of the Company dated 29 January 2010. Favor Hero is a company beneficially owned by Sun Matrix Limited which in turn is beneficially owned by Mr. Lau and his spouse, Ms. Lan Yi.

Accordingly, on the basis that no further Shares are issued or repurchased and there is no change of shareholding structure, in the event that the Directors exercise in full the power to repurchase Shares pursuant to the Repurchase Proposal, the interest of Favor Hero Investments Limited and its associates in the issued share capital of the Company would be increased to approximately 49.56%. Under such circumstances, Favor Hero Investments Limited and parties acting in concert with it would be subject to the 2% creeper under Rule 26.1 of the Takeovers Code and, when exceeding the 2% creeper, they would be obliged to make a mandatory general offer under the Takeovers Code. The Directors have no present intention to exercise the power to repurchase Shares pursuant to the Repurchase Proposal. In the event that the Directors exercise in full the power to repurchase Shares pursuant to the Repurchase Proposal, the number of Shares held by the public would not fall below 25%.

### **Share Repurchase Made by the Company**

Neither the Company nor any of its subsidiaries had repurchased any Shares (whether on the Stock Exchange or otherwise) in the six months immediately preceding the Latest Practicable Date.

## **2. GENERAL MANDATE TO ISSUE NEW SHARES**

Ordinary resolutions will also be proposed at the Annual General Meeting granting to the Directors (i) a general mandate to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company as at the date of passing of such resolution and (ii) subject to the passing of the proposed resolution to approve the aforesaid mandate and the Repurchase Resolution at the Annual General Meeting, adding to such general mandate so granted to the Directors any Shares representing the aggregate nominal amount of the Shares repurchased by the Company up to 10% of the issued share capital of the Company as at the date of the Repurchase Resolution.

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## LETTER FROM THE BOARD

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### 3. RE-ELECTION OF RETIRING DIRECTORS

The Board of Directors currently consists of four Directors, namely Mr. LAU Tom Ko Yuen, Mr. FENG Nien Shu, Mr. LUI Siu Tsuen, Richard and Ms. WONG Lai Kin, Elsa.

Pursuant to the Bye-laws, Mr. LAU Tom Ko Yuen, Mr. FENG Nien Shu, Mr. LUI Siu Tsuen, Richard and Ms. WONG Lai Kin, Elsa shall retire from office at the Annual General Meeting and shall be eligible and offer themselves for re-election. Details of retiring Directors proposed for re-election at the Annual General Meeting are set out in the appendix of this circular.

### 4. CHANGE OF AUDITOR

H.H. LIU & CO., C.P.A. (“**H.H. LIU**”) has tendered its resignation letter on 19 May 2010 as the Company and H.H. LIU could not reach a consensus on the audit fee for the forthcoming financial year. H.H. LIU will not seek for re-appointment as auditor of the Group at the Annual General Meeting.

At the Annual General Meeting, a resolution will be proposed to appoint Deloitte Touche Tohmatsu (“**Deloitte**”) as new auditor of the Company following the resignation of H.H. LIU and to hold office until the next annual general meeting of the Company.

As confirmed by H.H. LIU there were matters in connection with its resignation that need to be brought to the attention of the Shareholders or creditors of the Company. The Board also confirms that there are no circumstances in respect of the change of auditor which should be brought to the attention of the Shareholders.

### 5. INCREASE IN AUTHORISED SHARE CAPITAL OF THE COMPANY

The Directors propose to increase the Company’s authorised share capital from HK\$30,000,000 divided into 300,000,000 Shares (or if the Share Subdivision becomes effective, 1,200,000,000 Subdivided Shares) to HK\$100,000,000 divided into 1,000,000,000 Shares (or if the Share Subdivision becomes effective, 4,000,000,000 Subdivided Shares) by the creation of an additional 700,000,000 new Shares (or if the Share Subdivision becomes effective, 2,800,000,000 additional Subdivided Shares).

Such new Shares (or Subdivided Shares), upon issue and fully paid, shall rank pari passu in all respects with the new Shares (or Subdivided Shares) then in issue. The size of the proposed increase in authorised share capital of the Company is determined after taking into account the Company’s need for flexibility to issue new shares for future investments and developments. The Directors has no present intention of issuing any part of the authorised share capital proposed to be increased.

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## LETTER FROM THE BOARD

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### 6. PROPOSED SHARE SUBDIVISION AND CHANGE IN BOARD LOT SIZE

#### Share Subdivision

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$30,000,000 divided into 300,000,000 Shares, of which 149,589,200 Shares have been issued and are fully paid or credited as fully paid.

It will also be proposed at the Annual General Meeting that each existing issued and unissued Share of HK\$0.10 each of the Company be subdivided into 4 Subdivided Shares of HK\$0.025 each. Upon the Share Subdivision becoming effective, the authorized share capital of the Company will be HK\$30,000,000 divided into 1,200,000,000 Subdivided Shares, of which 598,356,800 Subdivided Shares will be in issue and fully paid or credited as fully paid, assuming that no further Shares are issued or repurchased after the Latest Practicable Date and prior to the Share Subdivision becoming effective.

The Subdivided Shares will rank pari passu in all respects with each other. An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Subdivided Shares. All necessary arrangements will be made for the Subdivided Shares to be admitted into the CCASS.

The Share Subdivision is conditional on:

- (i) the passing by the Shareholders at the AGM of an ordinary resolution approving the Share Subdivision; and
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subdivided Shares.

#### Reasons for the Share Subdivision

The proposed Share Subdivision will reduce the nominal value and trading price of the shares of the Company and increase the total number of shares of the Company in issue. The Directors are of the view that the increase in number of the shares of the Company as a result of the Share Subdivision will improve the liquidity in the trading of the Subdivided Shares, thereby enabling the Company to attract more investors and broaden its shareholders base.

Other than the expenses to be incurred by the Company in relation to the Share Subdivision, the Share Subdivision will not, by itself, alter the underlying assets, business operations, management or financial position of the Group or the proportionate interest of the Shareholders. The Directors are of the view that in light of the share price performance of the Company leading up to the end of 2009, it will be in the interest of the Company and the Shareholders as a whole to subdivide the Shares in order to enhance the liquidity of the shares of the Company and to further improve the share price performance. The Directors considers the Share Subdivision to be in the interests of the Company and its Shareholders as a whole.

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## LETTER FROM THE BOARD

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### **Board Lot Change**

Currently, the Shares are traded on the Stock Exchange in board lots of 20,000 Shares.

The Directors propose that subject to and upon the Share Subdivision becoming effective, the board lot size be changed from 20,000 Shares to 5,000 Subdivided Shares. The Board Lot Change ensures that the value of each board lot of the Subdivided Shares would be more than HK\$2,000 and reduces transaction and registration costs to be incurred by the shareholders and investors of the Company. The Directors considers the Board Lot Change to be in the interests of the Company and its Shareholders as a whole.

### **Listing and dealing**

An application will be made to the Stock Exchange for the listing of and permission to deal in the Subdivided Shares arising from the Share Subdivision. Subject to the granting of the listing of, and permission to deal in, the Subdivided Shares on the Stock Exchange, the Subdivided Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement purposes in CCASS with effect from the commencement date of dealings in the Subdivided Shares on the Stock Exchange or such other date as may be determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. No part of the equity or debt securities of the Company is listed or dealt in on any other stock exchanges other than the Stock Exchange and no such listing permission to deal in is being or is currently proposed to be sought from any other stock exchange.

### **Free exchange of Share certificates**

Arrangements will be made so that subject to the Share Subdivision becoming effective, the Shareholders can submit their Existing Share Certificates to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, in exchange for New Share Certificates for the Subdivided Shares free of charge during the business hours from 28 June 2010 to 4 August 2010 (both dates inclusive). After the expiry of such period, Existing Share Certificates will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be specified by the Stock Exchange) for each New Share Certificate issued or each Existing Share Certificate submitted, whichever number of share certificates involved is higher. The New Share Certificates will be issued in light gray colour in order to distinguish them from Existing Share Certificates which are in blue colour. From 2 August 2010 onwards, Existing Share Certificates will cease to be valid for trading and settlement purpose, but will continue to be good evidence of legal title to the Subdivided Shares on the basis of one Share for four Subdivided Shares.

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## LETTER FROM THE BOARD

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### **Trading arrangement for Subdivided Shares**

Subject to the Share Subdivision becoming effective, dealings in the Subdivided Shares are expected to commence on 28 June 2010. Parallel trading in the Subdivided Shares (in the form of Existing Share Certificates and New Share Certificates will be operated from 13 July 2010 to 2 August 2010 (both dates inclusive)). Full details of the expected timetable and trading arrangement of the Subdivided Shares are set out on pages 3 to 4 of this circular.

### **7. ANNUAL GENERAL MEETING**

The notice convening the Annual General Meeting, which contains, inter alia, ordinary resolutions to approve the Repurchase Proposal, the general mandate for Directors to issue new Shares, the re-election of retiring directors, the change of auditor, the Capital Increase, the Share Subdivision and Board Lot Change, is set out on pages 16 to 19 of this circular. Shareholders are advised to read the notice, and if you do not propose to attend the meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to Tricor Secretaries Limited, the Share Registrars of the Company at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting or any adjournment thereof should you so wish.

### **8. VOTING BY WAY OF POLL**

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the shareholders at a general meeting must be taken by poll. The Chairman of the Annual General Meeting will therefore put each of the resolutions to be proposed at the Annual General Meeting to be voted by way of a poll pursuant to the Bye-laws of the Company. The Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

### **9. RECOMMENDATION**

The Directors believe that the Repurchase Proposal, the general mandate for Directors to issue new Shares, the re-election of the retiring Directors, the change of auditor, the Capital Increase, the Share Subdivision and the Board Lot Change are all in the best interest of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolutions to be proposed at the Annual General Meeting.

Yours faithfully,  
**LAU Tom Ko Yuen**  
*Chairman*

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## APPENDIX    DETAILS OF RETIRING DIRECTORS PROPOSED FOR RE-ELECTION

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*The following are the particulars of the Directors proposed to be re-elected at the Annual General Meeting:*

1. Mr. LAU Tom Ko Yuen, aged 59, was appointed as a non-executive director of the Company on 9 November 2009 and re-designated as an executive director on 30 December 2009. He has over 36 years of international experience in investment, corporate development and management in infrastructure developments as well as construction and engineering services involving road, rail, port, power, telecommunications, mining and resources sectors in the Asia Pacific Region. Save as being the Chairman of the board of directors of the Company and a member of the remuneration committee of the Company, Mr. Lau does not hold any position with the Company or other members of the Group. Mr. Lau is currently the deputy chairman and managing director of PYI Corporation Limited (0498.HK), the deputy chairman and non-executive director of Paul Y. Engineering Group Limited (0577.HK) and an independent non-executive director of China National Building Material Company Limited (3323.HK), shares of all three companies are listed on the main board of the Stock Exchange. Save as disclosed above, Mr. Lau did not act as director in any other listed public company (whether in Hong Kong or overseas) in the last three years.

As at the Latest Practicable Date, Mr. Lau is the ultimate beneficial owner of Favor Hero Investments Limited, a substantial shareholder with corporate interests in 78,261,171 shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance. Save as disclosed above, Mr. Lau has no relationship with any directors, senior management and substantial or controlling shareholders of the Company.

Mr. Lau has not entered into any service agreement with the Company and is not appointed for a specific term but is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Bye-laws. Mr. Lau is not entitled to any emolument.

Save as disclosed above, Mr. Lau has confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with his re-election and there are no other information that should be disclosed pursuant to rule 13.51(2)(h) to (v) of the Listing Rules.

2. Mr. FENG Nien Shu, aged 44, was appointed as an independent non-executive director of the Company on 21 December 2009. He holds a Master of Business Administration degree from the University of Windsor in Canada and a Bachelor of Arts degree from the York University in Canada. He has over 18 years of experience in investment, merger and acquisition in China and South East Asia. Mr. Feng is the chief investment officer of Yangtze Advisory Group, an investment advisor and manager of several China focused private equity funds. Prior to that, he has held senior positions in various private and public listed companies in Hong Kong and Singapore. Save as being a member of the audit committee and remuneration committee of the Company, Mr. Feng does not hold any position with the Company or other members of the Group. Save as disclosed above, Mr. Feng did not act as director in any other listed public company (whether in Hong Kong or overseas) in the last three years.

Save as being a Director, Mr. Feng has no relationship with any directors, senior management, substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Feng does not have any interest or short position in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

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## APPENDIX    DETAILS OF RETIRING DIRECTORS PROPOSED FOR RE-ELECTION

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Pursuant to a letter of appointment dated 21 December 2009, Mr. Feng has been appointed as an independent non-executive director of the Company for a term of 2 years from 21 December 2009. He is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Bye-laws. The director's fee of Mr. Feng is HK\$60,000 per annum subject to annual review by the Board under the authority granted by the Shareholders at annual general meeting with reference to his duties and the market condition.

Save as disclosed above, Mr. Feng has confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with his re-election and there are no other information that should be disclosed pursuant to rule 13.51(2)(h) to (v) of the Listing Rules.

3. Mr. LUI Siu Tsuen, Richard, aged 54, was appointed as an independent non-executive director of the Company on 21 December 2009. He holds a Master of Business Administration degree from the University of Adelaide in Australia. Mr. Lui is a member of the Institute of Chartered Accountants in England and Wales, the CPA Australia, the Hong Kong Institute of Certified Public Accountants and the Chartered Institute of Management Accountants in the United Kingdom, and is a practicing Certified Public Accountant in Hong Kong. He has over 30 years of experience in accounting, financial and corporate management and has held senior financial position in an international accounting firm and various private and public listed companies. Save as being a member of the audit committee and remuneration committee of the Company, Mr. Lui does not hold any position with the Company or other members of the Group. Mr. Lui was the deputy managing director and an executive director of Hanny Holdings Limited (0275.HK), and an executive director of Wing On Travel (Holdings) Limited (1189.HK). He was an executive director of PSC Corporation Ltd. (PSC.SG), a company whose shares are listed on the Singapore Exchange Limited, and was a director of MRI Holdings Limited (MRI.AX), a company whose shares are listed on the Australian Securities Exchange. Mr. Lui is currently an independent non-executive director of 21 Holdings Limited (1003.HK). Save as disclosed above, Mr. Lui did not act as director in any other listed public company (whether in Hong Kong or overseas) in the last three years.

Save as being a Director, Mr. Lui has no relationship with any directors, senior management, substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Lui does not have any interest or short position in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Pursuant to a letter of appointment dated 21 December 2009, Mr. Lui has been appointed as an independent non-executive director of the Company for a term of 2 years from 21 December 2009. He is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Bye-laws. The director's fee of Mr. Lui is HK\$60,000 per annum subject to annual review by the Board under the authority granted by the Shareholders at annual general meeting with reference to his duties and the market condition.

Save as disclosed above, Mr. Lui has confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with his re-election and there are no other information that should be disclosed pursuant to rule 13.51(2)(h) to (v) of the Listing Rules.



4. Ms. WONG Lai Kin, Elsa, aged 44, was appointed as an independent non-executive director of the Company on 21 December 2009. She holds a Bachelor's and Master's degree in Law from The University of Hong Kong, as well as a Master's degree in Corporate Finance from The Hong Kong Polytechnic University. Ms. Wong is a solicitor of the Supreme Court of Hong Kong and Supreme Court of England and Wales, a member of the Hong Kong Law Society and Hong Kong Society for Financial Analysts. She also holds the Chartered Financial Analyst designation. She has over 20 years' experience in the legal profession, with majority years working as corporate counsel and company secretary of Hong Kong listed companies. Save as a member of the audit committee of the Company, Ms. Wong does not hold any position with the Company or other members of the Group. Ms. Wong is currently a senior legal director and company secretary of Alibaba.com Limited (1688.HK). Save as disclosed above, Ms. Wong did not act as director in any other listed public company (whether in Hong Kong or overseas) in the last three years.

Save as being a Director, Ms. Wong has no relationship with any directors, senior management, substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Ms. Wong does not have any interest or short position in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Pursuant to a letter of appointment dated 21 December 2009, Ms. Wong has been appointed as an independent non-executive director of the Company for a term of 2 years from 21 December 2009. She is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Bye-laws of the Company. The director's fee of Ms. Wong is HK\$60,000 per annum subject to annual review by the Board under the authority granted by the Shareholders at annual general meeting with reference to her duties and the market condition.

Save as disclosed above, Miss Wong has confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with her re-election and there are no other information that should be disclosed pursuant to rule 13.51(2)(h) to (v) of the Listing Rules.

In the opinions of the Directors, other than the aforesaid matters, there are no other matters that need to be brought to the attention of the shareholders of the Company in relation to the re-election of the above directors.

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## NOTICE OF ANNUAL GENERAL MEETING

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### PROSPERITY INVESTMENT HOLDINGS LIMITED

嘉進投資國際有限公司\*

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 310)**

**NOTICE IS HEREBY GIVEN** that the annual general meeting of the Company will be held at Regus Conference Centre, 35th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Friday, 25 June 2010 at 11:00 a.m. for the following purposes:

1. To receive, consider and adopt the audited financial statements and the reports of the directors and independent auditor's report for the year ended 31 December 2009.
2.
  - A. To re-elect Mr. LAU Tom Ko Yuen as an executive director of the Company;
  - B. To re-elect Mr. FENG Nien Shu as an independent non-executive director of the Company;
  - C. To re-elect Mr. LUI Siu Tsuen, Richard as an independent non-executive director of the Company;
  - D. To re-elect Ms. WONG Lai Kin, Elsa as an independent non-executive director of the Company; and
  - E. To authorize the board of directors to fix their remuneration.
3. To consider and, if thought fit, pass with or without amendments the following resolution as an ordinary resolution of the Company:

“**THAT** Deloitte Touche Tohmatsu be and are hereby appointed as new auditor of the Company following the resignation of H.H. Liu & Co., C.P.A., who do not seek for re-appointment at the 2010 annual general meeting of the Company, and to hold office until the next annual general meeting of the Company at a remuneration to be fixed by the board of directors of the Company.”
4. To consider and, if thought fit, pass with or without amendments, the following resolutions as ordinary resolutions of the Company:
  - A. “**THAT:**
    - (a) subject to paragraph (b) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares of the Company on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) or on any other stock exchange on which the shares of the Company may

\* for identification purpose only

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## NOTICE OF ANNUAL GENERAL MEETING

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be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;

- (b) the aggregate nominal amount of the shares of the Company which the Company is authorised to repurchase pursuant to the approval in paragraph (a) above shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing 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 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 or any applicable law to be held; and
  - (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.”

**B. “THAT:**

- (a) subject to paragraph (c) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the directors of the Company during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which would or 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) and issued by the directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); (ii) an issue of shares as scrip dividends pursuant to the Bye-laws of the Company from time to time; or (iii) an issue of shares under any option scheme or similar arrangement for the time being adopted for the grant or issue of shares or rights of the Company, shall not

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## NOTICE OF ANNUAL GENERAL MEETING

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exceed 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this Resolution and the said approval shall be limited accordingly; and

(d) for the purpose of this Resolution,

“Relevant Period” means the period from 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 or any applicable law to be held; and
- (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the directors of the Company to the holders of shares of the Company on the register on a fixed record date in proportion to their then holdings of such shares as at that date (subject to such exclusions or other arrangements as the directors of the Company 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 recognized regulatory body or any stock exchange in, any territory outside Hong Kong applicable to the Company).”

C. **“THAT** subject to the passing of Ordinary Resolutions Nos. 4A and 4B set out in the notice convening this meeting, the general mandate granted to the directors of the Company to allot, issue and deal with additional shares pursuant to Ordinary Resolution No. 4B set out in the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of shares in the capital of the Company repurchased by the Company under the authority granted pursuant to Ordinary Resolution No. 4A set out in the notice convening this meeting, provided that such amount of shares shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the said Resolution.”

D. **“THAT,**

- (a) the authorised share capital of the Company be increased from HK\$30,000,000 divided into 300,000,000 shares having a par value of HK\$0.1 each (“**Share(s)**”) to HK\$100,000,000 divided into 1,000,000,000 Shares by the creation of an additional 700,000,000 new Shares and that all such new Shares shall rank *pari passu* in all respects with the existing Shares in the capital of the Company (“**Capital Increase**”); and

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## NOTICE OF ANNUAL GENERAL MEETING

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- (b) the board of directors of the Company (the “**Board**”) be and is hereby authorised generally to do all such acts or things and to sign all such documents and to take all such steps as it considers necessary or expedient or desirable in connection with and to give effect to the Capital Increase.”
- E. “**THAT**, conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) granting the listing of, and permission to deal in, the Subdivided Shares (as defined in paragraph (a) of this Resolution below):
- (a) with effect from 9:30 a.m. (Hong Kong time) on the business day (not being a Saturday) immediately after the passing of this Resolution, each of the issued and unissued ordinary shares having a par value of HK\$0.1 (“**Share(s)**”) in the capital of the Company be subdivided into four ordinary shares having a par value of HK\$0.025 each (“**Subdivided Share(s)**”); and
- (b) the Board be and is hereby authorised generally to do all such acts and things and to sign all such documents and to take all such steps as it considers necessary or expedient or desirable in connection with and to give effect to the subdivision of Shares as referred to in paragraph (a) above (“**Share Subdivision**”).”

By Order of the Board  
**UN Kwok Kee, John**  
*Secretary*

Dated the 25th day of May, 2010.

*Notes:*

1. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. To be valid, the proxy form, together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be deposited with the Hong Kong share registrars of the Company, Tricor Secretaries Limited, 26th Floor, Tesbury Centre, 28 Queen’s Road East, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.