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## **Bright Prosperous Holdings Limited**

**晉盈控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 723)**

### **ANNOUNCEMENT AND RESUMPTION OF TRADING**

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock exchange of Hong Kong Limited (the “**Stock Exchange**”).

Reference is made to the announcement of Bright Prosperous Holdings Limited (the “**Company**”, which together with its subsidiaries, the “**Group**”) dated 28 September 2009 (the “**Initial Announcement**”).

On November 1, 2009, Universal Timber Resources Do Brasil Participacao Ltda., a non-wholly owned subsidiary entered into a second memorandum of intent (the “**Second MOU**”) with the original parties of the initial memorandum of intent (the “**Vendors**”) (details of which are set out in the Initial Announcement) in relation to, among other things, the acquisition (the “**Acquisition**”) of the entire equity interests in a company incorporated in Brazil (the “**Target**”) which is principally engaged in sustainable forest management, wood processing, distribution of timber products with forest area in Brazil with a total area of approximately 137,500 hectares, and factories for sawmill and fibreboard processing. The Target is also a party to the Second MOU.

#### **TERMS OF THE SECOND MOU**

The Second MOU is legally binding and a summary of its principal terms are set out as follows:

##### **Assets to be acquired**

Pursuant to the Second MOU, the Group shall acquire the entire capital stock of the Target.

The assets of the Target shall include:

1. rural properties with area of 137,500 hectares with sustainable forest management project;

\* *For identification purpose only*

2. complete industrial unit (machinery, equipment, vehicles, tools etc.) designed for the manufacturing of fiberboard; and
3. complete industrial unit (machinery, equipment, vehicles, tools etc.) designed for the manufacturing of cut and processed lumber.

However, the current assets, and liabilities (except current liabilities) of the Target and Maginco Verde Ltda (“**Maginco**”), a 99% owned subsidiary of the Target and 1% owned directly by the Vendor, shall be transferred and assigned to the Vendors. In particular, land and property, plant and equipment that are unrelated to the forest or wood processing operations owned by Maginco, shall not be included in part of the contemplated sale and purchase, and be transferred to the Vendors.

The Vendors shall be at liberty to transfer trade receivable of the Target considered non-collectable by them to themselves prior to completion of the Acquisition (the “**Completion**”).

### **Consideration**

The consideration of the Acquisition (the “**Consideration**”) shall be Reais 80,000,000 (equivalent to approximately HK\$363,843,757), subject to adjustments set out below.

The Consideration shall be adjusted by the assets and liabilities of the Target as of Completion. As of Completion, should the difference between the assets and liabilities of the Target results in a positive balance, the Consideration shall be increased by such balance. Should the difference between assets and liabilities of the Target results in a negative balance as of Completion, the Consideration shall be decreased by such balance. Adjustment of the Consideration shall be made to the First Payment (as defined below).

The Consideration shall be payable as follows:

1. as to Reais 27,000,000 (equivalent to approximately HK\$122,797,268) (the “**First Payment**”) to be satisfied by payment in cash by the Vendors to the Group, which shall due on the date of Completion (the “**Completion Date**”);
2. as to Reais 26,000,000 (equivalent to approximately HK\$118,249,221) (the “**Second Payment**”) to be satisfied by the allotment and issue of new shares in the capital of the Company (the “**Consideration Shares**”) on Completion Date at an issue price to be calculated based on the average closing price of the shares of the Company (the “**Shares**”), taking into account the closing prices of the Shares for the last 5 days prior to the Completion Date; and
3. as to Reais 27,000,000 (equivalent to approximately HK\$122,797,268) (the “**Balance**”) to be paid in 6 equal instalments (the “**Balance Instalments**”), falling due on a half-yearly basis, with the first Balance Instalment falling due after 12 months from the Completion Date.

### *The Consideration Shares*

Trading in the Consideration Shares shall be prohibited within 6 months after the Completion Date (the “**Lock-up Period**”).

At the end of the Lock-up Period, in the event the value of the Consideration Shares is less than the amount of the Second Payment, being Reais 26,000,000 (equivalent to approximately HK\$118,249,221) as calculated with reference to 5-day average of the closing prices immediately prior to the Lock-up Period, then:

- (i) Additional Shares to be issued to the Vendors shall be calculated by dividing the difference between Reais 26,000,000 and the total value of the Consideration Shares calculated based on the 5-day average closing price immediately before the end of the Lock-up Period (the “**Adjustment Price**”), by the Adjustment Price.

Notwithstanding the above, the Adjustment Price is subject to a floor of not lower than 50% of the 5-day average of the closing price immediately prior to Completion Date.

- (ii) In case if the Adjustment Price is lower than 50% of the 5-day average closing price immediately prior to Completion Date, the Group shall pay to the Vendors in cash an amount equal to Reais 26,000,000 minus the total value of Consideration Shares and additional Shares issued in (i) above calculated based on the Adjustment Price.
- (iii) In the event if the Adjustment Price is higher than the 5-day average closing price immediately prior to Completion Date, the Vendors shall only be entitled to the number of Consideration Shares calculated by dividing Reais 26,000,000 by the Adjustment Price and therefore the Vendors shall return any Consideration Shares in excess of such number.

### *The Balance Instalments*

The 6th Balance Instalment shall be withheld for 5 years from the Completion Date to cater for any events arisen prior to the Completion Date that had not been discovered during the due diligence exercise conducted by the Group and which may encumber the Target.

The amount of the 6th Balance Instalment thus withheld shall be adjusted by inflation according to the positive variation of the national consumer price index or any other index that replaces it.

### *Security for payment*

To secure the payment obligations of the Group, the Group shall mortgage on the Completion Date the following assets in favour of the Vendors:

1. rural property held as Fazenda Santo Antonio, tropical forest with approximately land area 64,500 hectares owned by the Target; and
2. rural property held as Fazenda Terra Alter, tropical forest with approximately land area of 73,000 hectares owned by the Target.

Discharge of the mortgages on Fazenda Santo Antonio and Fazenda Terra Alter shall be made upon the full payment of the 2nd instalment and 5th instalment, respectively.

## **Completion**

Completion shall take place 30 days after completion of the due diligence exercise conducted by the Group, but in any event it shall take place up to 90 days after the Group has completed audit on the Target (being part of the due diligence exercise), or such other date as may be agreed upon the agreement in writing by the parties to the Second MOU. However, the Second MOU specifically states that it only serves to set out the principal terms and conditions of the Acquisition and the terms and conditions of the Acquisition shall be subject to approval by the board of directors, Stock Exchange and shareholders of the Company, signing of a definitive agreement in relation to the Acquisition (the “**Sale and Purchase Agreement**”) and completion of satisfactory due diligence.

## **Sale and Purchase Agreement**

The draft Sale and Purchase Agreement shall be submitted by the Purchaser within six weeks from the date of the Second MOU.

## **Others**

### *Assumption of liabilities*

The Group undertakes to take responsibility for the redemption and payment of all personal guarantees given by the Vendors for the liabilities of the Target.

The Vendors shall be liable for any liabilities of the Target incurred prior to the Completion Date up to Reais 27,000,000 (equivalent to approximately HK\$122,797,268).

### *Non-competition*

The Vendors agree that after Completion, they shall not engage in business conducted by the Target nor shall they conduct any business in competition with the Target for at least 3 years from the signing of the Sale and Purchase Agreement. The Vendors are currently conducting wood mechanical processing activities in the southern region of Brazil and for this purpose, the Vendors shall not be considered having competition with the Target.

### *Provision of service by the Vendors*

For the 12 months following Completion, the Group shall use the services of the business office of the Vendors located in Sao Paulo at an amount equivalent to such amount as having been by the Target to the Vendors, provided the current sales level is maintained.

## *Litigation*

The Vendors and the Group agree that in the event the current lawsuits (to which the Target and Maginco are parties) are won, the judgment sum shall be transferred on behalf of the Vendors. In the event the above lawsuits are lost, the Vendors shall bear the loss up to a certain limit.

## **GENERAL**

The Acquisition, if proceeded, might constitute major transaction of the Company and might involve issue of securities by the Company.

Further announcement will be made in accordance with the applicable Listing Rules as and when the definitive agreements have been signed.

**The Acquisition may or may not proceed. Shareholders and investors of the Company should exercise caution when dealing in the shares of the Company.**

## **RESUMPTION OF TRADING**

Trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on Monday, 2 November 2009 at the request of the Company pending the publication of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on Friday, 6 November 2009.

By Order of the Board  
**Bright Prosperous Holdings Limited**  
**Leung Chau Ping, Paul**  
*Executive Director*

Hong Kong, 5 November 2009

*As at the date of this announcement, the Board comprises Mr. Leung Chau Ping, Paul as executive director and Mr. Leung Siu Hung, Joel, Mr. Chu Kin Wang, Peleus and Ms. Lau Wa Chun as independent non-executive directors.*