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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)**

**(temporary counter: 2967)**

### **CLARIFICATION ANNOUNCEMENT**

Reference is made to the announcement of the Company dated 30 December 2009.

As set out in the aforesaid announcement, on 30 December 2009, SFH Trading Limited, a wholly-owned subsidiary of the Company, entered into the Contract with the Buyer in relation to the sale and purchase of various types of timber products. Pursuant to the Contract, the Company shall issue to the Buyer the Warrants, being unlisted warrants with subscription rights entitling the holder thereof to subscribe for one Subscription Share at the Subscription Price (being HK\$3.00) up to 39,000,000 Subscription Shares from the date of grant to the day falling 2 years thereafter.

The Subscription Shares shall be issued under the General Mandate and therefore no Shareholders' approval is required. The Subscription Shares represent approximately 1.91% of the issued share capital of the Company as at the date of this announcement and 1.87% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

The Subscription Price represents (i) a premium of approximately 290% over the closing price of HK\$0.77 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a premium of approximately 285% over the average closing price of approximately HK\$0.78 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and (iii) a premium of approximately 632% over the audited consolidated net assets value attributable to equity holders of the Company per Share of approximately HK\$0.077 (equivalent to approximately HK\$0.41 per Consolidated Share) as at 31 March 2009.

\* for identification purpose only

The net proceeds receivable from the exercise in full of subscription rights attached to the Warrants shall be approximately HK\$117,000,000, which will be used as general working capital of the Group.

The Directors (including the independent non-executive Directors) consider that the terms of the Warrants are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Reference is made to the announcement of the Company dated 30 December 2009.

## **THE CONTRACT**

As set out in the aforesaid announcement, on 30 December 2009, SFH Trading Limited, a wholly-owned subsidiary of the Company, entered into the Contract with the Buyer in relation to the sale and purchase of various types of timber products. Pursuant to the Contract, the Company shall issue to the Buyer the Warrants. The material terms and conditions of the Contract and the Warrants are summarised below:

### **Date:**

30 December 2009

### **Parties:**

1. SFH Trading Limited, a wholly-owned subsidiary of the Company, as seller of various types of timber products; and
2. The Buyer as buyer of various types of timber products.

The Buyer is principally engaged in the development, manufacturing, sales, marketing and servicing of hard surface flooring, especially wood flooring. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Buyer and their respective ultimate beneficial owners are third parties independent of the Group and its connected persons.

### **Terms of the Contract:**

The Buyer agrees to purchase from SFH Trading Limited various types of the timber products from time to time during the term of the Contract. Sale and purchase prices and quantity of the timber products are determined by mutual agreement between the Buyer and SFH Trading Limited every month with reference to the market price. Delivery of the ordered quantity will be made two months thereafter.

The Contract shall begin on 30 December 2009 and remain effective until termination. Both parties may terminate the Contract by mutual agreement in writing at any time by giving 90 day written notice to the other party.

In consideration of entering into the Contract and for the sum of HK\$1.00, the Company shall issue the Warrants to the Buyer.

The Warrants shall be unlisted warrants with subscription rights entitling the holder thereof to subscribe for one Subscription Share at the Subscription Price up to 39,000,000 Subscription Shares from the date of grant to the day falling 2 years thereafter

**Conditions precedent:**

No conditions precedent have been stipulated in the Contract, but the Company shall obtain the following in relation to the issue of the Warrants:

- (a) (if required) the Stock Exchange's approval in relation to the issue of the Warrants;
- (b) the grant of the listing of, and permission to deal in, the Subscription Shares by the Listing Committee of the Stock Exchange; and
- (c) any other third party consents, approvals and waivers required for or in connection with the issue of the Warrants.

**Issue of Warrants**

On the date of fulfillment of all of the above, the Company shall issue the Warrants to the Buyer.

**TERMS AND CONDITIONS OF THE WARRANTS**

**Exercise period:**

From the date of grant to the day falling 2 years thereafter (both dates inclusive).

**Subscription Price:**

The Subscription Price (being HK\$3.00 per Subscription Share) represents:

- (i) a premium of approximately 290% over the closing price of HK\$0.77 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 285% over the average closing price of HK\$0.78 per Share for the last five consecutive trading days up to and including the Last Trading Day; and
- (iii) a premium of approximately 632% over the audited consolidated net assets value attributable to equity holders of the Company per Share of approximately HK\$0.077 (equivalent to approximately HK\$0.41 per Consolidated Share) as at 31 March 2009.

The Subscription Price is determined after arm's length negotiations between the Company and the Buyer with reference to the prevailing Share price and the long term strategic value of the Contract.

The Subscription Price is subject to adjustment for, among other things, share consolidation, share sub-division, capitalisation of profits or reserves, capital distribution, rights issue, grant of options, warrants or other rights to subscribe for or purchase any Shares.

### **The Subscription Shares:**

Upon the exercise in full of the subscription rights attached to the Warrants, 39,000,000 Subscription Shares shall be issued. The Subscription Shares represent approximately 1.91% of the issued share capital of the Company as at the date of this announcement and 1.87% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

The aggregate nominal value of the Subscription Shares amount to HK\$2,078,700.

### **Ranking**

The Subscription Shares, when allotted and issued fully paid, will rank pari passu in all respects with the Shares then in issue. The holder of the Warrants will not be entitled to dividends, if any, to be paid by the Company.

### **General Mandate**

The Subscription Shares to be issued upon exercise of subscription rights attached to the Warrants will be issued under the General Mandate, which allowed the allotment and issue of up to the aggregate nominal amount of HK\$16,189,273.86 (equivalent to 1,618,927,386 shares of HK\$0.01 each or 303,548,884 Consolidated Shares). A top-up placing and subscription of 917,640,000 shares of HK\$0.01 each were issued under the General Mandate upon completion on 22 October 2009. Accordingly, the General Mandate has been utilized as to 917,640,000 shares of HK\$0.01 each leaving a balance of 701,287,386 shares of HK\$0.01 each (equivalent to 131,491,384 Consolidated Shares) for further issue. The Subscription Shares will be issued under the General Mandate to the extent that has not been previously utilised and therefore no Shareholders' approval is required.

### **Application for listing**

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares to be issued upon the exercise of the subscription rights attached to the Warrants.

### **SHAREHOLDING STRUCTURE**

As at the date of this announcement, the Company has 21,393,886,091 preferred shares of HK\$0.01 each outstanding.

Assuming the conversion rights attached to the aforesaid preferred shares have not been exercised and there is no other change in the shareholding of the Company after the date of this announcement, to the best of the Directors' knowledge and based on publicly available information including various filings made under the Securities and Futures Ordinance

(Chapter 571 of the Laws of Hong Kong), the shareholding structure of the Company immediately before and after issue of the Warrants are as follows:

	<b>As at the date of this announcement</b>		<b>Upon the exercise in full of the subscription rights attached to the Warrants</b>	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Winner Global Holdings Limited ( <i>Note</i> )	360,052,500	17.63	360,052,500	17.30
Assure Gain International Limited ( <i>Note</i> )	250,556,651	12.27	250,556,651	12.04
The Buyer	–		39,000,000	1.87
Other public Shareholders	1,431,561,925	70.10	1,431,561,925	68.79
<b>Total</b>	<b>2,042,171,076</b>	<b>100</b>	<b>2,081,171,076</b>	<b>100</b>

*Note:* Winner Global Holdings Limited is a corporation controlled by Assure Gain International Limited, which is a corporation controlled by Ms. Loh Jiah Yee, Katherine.

As set out above, upon the issue of the Subscription Shares, the Company shall be able to maintain sufficient public float of the Shares as required under the Listing Rules.

## **REASONS AND BENEFITS OF THE TRANSACTION**

The Group is currently principally engaged in the business of sustainable management of and investments in tropical hardwood and softwood natural forests in Brazil and Russia, trading, processing, marketing and distribution of timber products under its brand to PRC, India, Europe, Japan and the United States of America. The Group is also engaged in the building materials business with a focus on marble, stone and tile supply and installation.

The Buyer is a well known wood flooring supplier in the PRC. The management of the Company believes that the grant of the Warrants to the Buyer provides a solid foundation for the strategic relationship between the Buyer and the Group. The Directors (including the independent non-executive Directors) considered the terms of the Contract (including the issue of the Warrants) are fair and reasonable, and believed it is in the best interest of the Company and the Shareholders as a whole.

The exercise in full of the subscription rights attached to the Warrants at the Subscription Price will raise an aggregate of HK\$117,000,000. The net proceeds of HK\$116,900,000 will be used as general working capital of the Group.

## FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS

<b>Date of announcement</b>	<b>Event</b>	<b>Net proceeds raised</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds as at the date of this announcement</b>
1 June 2009	Placing of up to a maximum of 5,636,360,000 shares of HK\$0.01 each, which was completed on 30 July 2009	HK\$187.8 million	For the general working capital of the Group	Use as intended
14 October 2009 and 19 October 2009	Placing of up to a maximum of 917,640,000 shares of HK\$0.01 each and subscription of 917,640,000 new shares of HK\$0.01 each, which was completed on 22 October 2009	HK\$72 million	For the general working capital of the Group	Use as intended

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Announcement”	Announcement of the Company dated 30 December 2009 in respect of the entering into the strategic long term contract for sale and purchase of timber products
“Buyer”	China Flooring Holding Co. Ltd, a company incorporated in Cayman Islands with limited liability
“Company”	Bright Prosperous Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange
“Consolidated Share(s)”	ordinary share(s) of HK\$0.0533 each in the share capital of the Company after the share consolidation of every 16 shares of HK\$0.01 each into 3 shares of HK\$0.0533 each effective on 27 November 2009

“Contract”	the strategic long term contract for sale and purchase of timber products dated 30 December 2009 entered into between the SFH Trading Limited and the Buyer
“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate granted by the Shareholders to the Directors at the annual general meeting of the Company held on 21 August 2009 to allot and issue up to 20% of the issued share capital of the Company as at the date of the annual general meeting
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Last Trading Day”	15 December 2009, being the last trading date immediately prior to the date of the Contract
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Share(s)”	ordinary share(s) of HK\$0.0533 each in the capital of the Company
“Shareholders”	holders of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$3.00 per Share (subject to adjustment for, among other things, share consolidation, share sub-division, capitalization of profits or reserves, capital distribution, rights issue, grant of options, warrants or other rights to subscribe for or purchase any Shares)
“Subscription Shares”	the 39,000,000 new Shares to be allotted and issued upon the exercise of the subscription rights attached to the Warrants

“Warrants”

unlisted warrants with subscription rights entitling the holder thereof to subscribe for one Subscription Share at the Subscription Price up to 39,000,000 Subscription Shares from the date of grant to the day falling 2 years thereafter

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

Hong Kong, 8 January 2010

*As at the date of this announcement, the Board comprises Mr. Leung Chau Ping, Paul and Mr. Chiu Raymond Yim as executive Directors and Mr. Leung Siu Hung, Joel, Mr. Chu Kin Wang, Peleus, and Mr. John Tewksbury Banigan as independent non-executive Directors.*