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## **MERRY GARDEN HOLDINGS LIMITED**

### **美麗家園控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 1237)**

## **COMPLETION OF PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES**

The Board is pleased to announce that in accordance with the terms of the Placing and Subscription Agreement, the Placing was completed on 26 September 2014 and the Subscription was completed on 7 October 2014.

Reference is made to Merry Garden Holdings Limited (the “**Company**”)’s announcement dated 23 September 2014 (the “**Announcement**”) in relation to the placing of existing shares and subscription of new shares of the Company. Capitalised terms shall have the same meanings as those defined in the Announcement.

The Board is pleased to announce that, in accordance with the terms of the Placing and Subscription Agreement, the Placing was completed on 26 September 2014 and a total of 165,000,000 Placing Shares at the placing price of HK\$0.93 per Placing Share were placed to not less than six independent Placees.

To the best knowledge of the Directors, the Placees and their ultimate beneficial owners are independent of the Directors, chief executive or substantial shareholders of each of the Company, its subsidiaries and their respective associates, in accordance with the Listing Rules, and that such Placees are not acting in concert with the Vendor in relation to the control of the Company within the meaning of the Takeovers Code. None of the Placees have become a substantial shareholder of the Company immediately upon completion of the Placing.

As all conditions of the Subscription have been fulfilled, the Subscription was completed on 7 October 2014 in accordance with the terms of the Placing and Subscription Agreement, whereby 165,000,000 Subscription Shares, representing the same number of Placing Shares actually placed under the Placing, were allotted and issued to the Vendor at the subscription price of HK\$0.93 per Subscription Share, which was equivalent to the placing price per Placing Share.

Save for the Subscription, the Vendor had last acquired the Shares on 18 September 2014. The Board would like to inform the Shareholders that the Placing Agent approached the Vendor or parties acting in concert with it for discussion of the Placing and Subscription after the Vendor's acquisition of Shares on 18 September 2014.

The net proceeds received by the Company from the Subscription, after deducting related placing commission for the Placing, professional fees and all related expenses which are borne by the Company, are approximately HK\$148 million. The Company intends to retain the net proceeds payable to it under the Subscription in the following manner:

- approximately HK\$73 million (equivalent to approximately 49.3% of our total net proceeds) will be used for capital expenditure to increase production capacity of the Group's products;
- approximately HK\$50 million (equivalent to approximately 33.8% of our total net proceeds) will be used for potential merger and acquisitions should appropriate opportunities arise and where the Directors consider it in the interest of the Group to do so; and
- approximately HK\$25 million (equivalent to approximately 16.9% of our total net proceeds) will be used as general working capital of the Group.

## CHANGES TO SHAREHOLDING AS A RESULT OF THE PLACING AND THE SUBSCRIPTION

The shareholding structure of the Company (a) immediately before the Placing; (b) immediately after the Placing but before the Subscription; and (c) immediately after the Placing and the Subscription are as follows:

	Immediately before the Placing		After the Placing but before the Subscription		After the Placing and the Subscription	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
<i>Connected persons and substantial shareholders</i>						
The Vendor and any party acting in concert with it (Note 2)	412,515,200	34.38	247,515,200	20.63	412,515,200	30.22
Mr. Cheung Chi Mang and his controlled corporation (Note 3)	134,700,000	11.23	134,700,000	11.23	134,700,000	9.87
Mr. Wu Qingshan (Note 4)	27,502,800	2.29	27,502,800	2.29	27,502,800	2.01
Ms. Xie Qingmei (Note 5)	<u>9,538,000</u>	<u>0.79</u>	<u>9,538,000</u>	<u>0.79</u>	<u>9,538,000</u>	<u>0.70</u>
<b>Sub-total:</b>	<u>584,256,000</u>	<u>48.69</u>	<u>419,256,000</u>	<u>34.94</u>	<u>584,256,000</u>	<u>42.80</u>
<i>Public</i>						
Placees	—	—	165,000,000	13.75	165,000,000	12.09
Other public Shareholders	<u>615,744,000</u>	<u>51.31</u>	<u>615,744,000</u>	<u>51.31</u>	<u>615,744,000</u>	<u>45.11</u>
<b>Total:</b>	<u>1,200,000,000</u>	<u>100.00</u>	<u>1,200,000,000</u>	<u>100.00</u>	<u>1,365,000,000</u>	<u>100.00</u>

*Notes:*

1. The number of existing Shares held by the Shareholders mentioned in the above table is based on the register of interest kept by the Company pursuant to Section 336 of the SFO as at the date of this announcement.
2. The Vendor is wholly-owned by Mr. Wu, an executive Director. Mr. Wu is a party acting in concert with the Vendor.
3. Mr. Cheung Chi Mang is deemed to be interested in all the Shares in which Hong Kong Investments Group Limited, the entire issued share capital of which is wholly-owned by him, is interested by virtue of the SFO.
4. Mr. Wu Qingshan is an executive Director.
5. Ms. Xie Qingmei is an executive Director.

By order of the board of  
**Merry Garden Holdings Limited**  
**Wu Zheyuan**  
*Chairman*

Hong Kong, 7 October 2014

*As at the date of this announcement, the executive Directors are Mr. Wu Zheyuan, Mr. Wu Qingshan and Ms. Xie Qingmei, the non-executive Directors are Mr. Wu Dongping and Mr. Lee Kong Wai, Conway, and the independent non-executive Directors are Mr. Lam Hin Chi, Prof. Jin Zhongwei and Prof. Su Wenqiang.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.*