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If you have sold or transferred all your shares in **Merry Garden Holdings Limited**, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

**PROPOSALS FOR
DECLARATION OF FINAL DIVIDENDS,
RE-ELECTION OF RETIRING DIRECTORS,
GRANTING OF GENERAL MANDATES TO
REPURCHASE SHARES AND TO ISSUE NEW SHARES,
PROPOSED BONUS ISSUE OF SHARES
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the Annual General Meeting to be held at Unit 3810, 38/F., China Resources Building, 26 Harbour Road, Hong Kong on Tuesday, 12 May 2015 at 2:30 p.m. is set out on pages 19 to 23 of this circular. A form of proxy for use at the Annual General Meeting is also enclosed. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.merrygardenholdings.com>).

If you are unable to attend the Annual General Meeting, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the Annual General 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 if you so wish.

10 April 2015

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EXPECTED TIMETABLE

The expected timetable for the implementation of the proposed Bonus Issue and the associated trading arrangements are set out below:

2015

Closure of register of members for the purpose of Annual General Meeting (both days inclusive)	Friday, 8 May to Tuesday, 12 May
Latest time for lodging forms of proxy for the Annual General Meeting	2:30 p.m. Sunday, 10 May
Record date for determination of entitlement to attend and vote at the Annual General Meeting	Tuesday, 12 May
Annual General Meeting	2:30 p.m. Tuesday, 12 May
Announcement of poll results of Annual General Meeting	Tuesday, 12 May
Last day of trading in Shares cum entitlements to the Bonus Issue.....	Wednesday, 13 May
First day of trading in Shares ex entitlements to the Bonus Issue.....	Thursday, 14 May
Latest time for lodging transfer forms of Shares to qualify for entitlements to the Bonus Issue.....	4:30 p.m. Friday, 15 May
Closure of register of members for the purpose of the final dividends for the year ended 31 December 2014 and the Bonus Issue (both days inclusive)	Monday, 18 May to Wednesday, 20 May
Record date for determination of entitlements to the final dividends for the year ended 31 December 2014 and the Bonus Issue	Wednesday, 20 May
Register of members re-opens	Thursday, 21 May
Dispatch of share certificates for Bonus Shares and payment of final dividends.....	Friday, 17 July
First day of trading in Bonus Shares on the Stock Exchange.....	Monday, 20 July
Designated broker start to stand in market to provide matching services for sale and purchase of odd lots Shares	9:00 a.m. on Monday, 20 July 2015
Designated broker ceases to stand in the market to provide matching services for the sale and purchase of odd lots of Shares	4:00 p.m. on Friday, 7 August 2015

EXPECTED TIMETABLE

Dates or deadlines specified in the expected timetable above are indicative only. If there are any consequential changes to the expected timetable, the Company will make a further announcement where necessary.

Notes:

1. All times and dates in this circular refer to Hong Kong local times and dates.
2. If there is (i) a tropical cyclone warning signal number 8 or above; or (ii) a “black” rainstorm warning signal in force between 9:00 a.m. and 4:00 p.m. on the above relevant dates, a further announcement will be made by the Company in respect of the relevant date may be adjourned to other business day which does not have either of those warnings in force in Hong Kong.

DEFINITIONS

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

“Annual General Meeting”	an annual general meeting of the Company to be held at Unit 3810, 38/F., China Resources Building, 26 Harbour Road, Hong Kong on Tuesday, 12 May 2015 at 2:30 p.m., to consider and, if appropriate, to approve the resolutions contained in the notice of the meeting which is set out on pages 19 to 23 of this circular, or any adjournment thereof
“Articles”	the articles of association of the Company currently in force
“Board”	the board of Directors
“Bonus Issue”	issue of one Bonus Share for every 100 Shares in issue to the Shareholders whose names appear on the register of members of the Company on the Record Date
“Bonus Share(s)”	new Share(s) to be issued by way of Bonus Issue by the Company as described herein
“CCASS”	Central Clearing and Settlement System established and operated by HKSCC
“Company”	Merry Garden Holdings Limited (美麗家園控股有限公司), a company incorporated in the Cayman Islands as an exempted company with limited liability under the laws of the Cayman Islands
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issuance Mandate”	shall have the meaning as set out in paragraph 3(b) of the Letter from the Board
“Latest Practicable Date”	30 March 2015, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Committee”	the listing sub-committee of the board of the Stock Exchange

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Overseas Shareholder(s)”	Shareholder(s) whose address(es) as shown on the register of members of the Company on the Record Date is/are outside Hong Kong
“PRC”	The People’s Republic of China, for the purpose of this circular, excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“Record Date”	20 May 2015, being the date for determining the entitlement to the Bonus Issue
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Share Repurchase Mandate”	shall have the meaning as set out in paragraph 3(a) of the Letter from the Board
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Repurchases issued by the Securities and Futures Commission in Hong Kong
“Zhangping Kimura”	Fujian Zhangping Kimura Forestry Products Co., Ltd. (福建省漳平木村林產有限公司), an indirect wholly-owned subsidiary of the Company



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)

Executive Directors:

Mr. Wu Zheyang
Mr. Wu Qingshan
Ms. Xie Qingmei

Non-executive Directors:

Mr. Lee Kong Wai, Conway
Mr. Wu Dongping

Independent non-executive Directors:

Mr. Lam Hin Chi
Prof. Jin Zhongwei
Prof. Su Wenqiang

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KYI-1111
Cayman Islands

Head Office in the PRC:

Fushan Industrial District
Zhangping, Fujian, the PRC

*Principal place of business
in Hong Kong:*

Room 2702
China Resources Building
26 Harbour Road
Wanchai
Hong Kong

10 April 2015

To the Shareholders

Dear Sir/Madam,

**PROPOSALS FOR
DECLARATION OF FINAL DIVIDENDS,
RE-ELECTION OF RETIRING DIRECTORS,
GRANTING OF GENERAL MANDATES TO
REPURCHASE SHARES AND TO ISSUE NEW SHARES,
PROPOSED BONUS ISSUE OF SHARES
AND
NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide you with information in respect of certain resolutions to be proposed at the Annual General Meeting for (i) the declaration of the final dividends for the year ended 31 December 2014; (ii) the re-election of the retiring Directors; (iii) the granting to the Directors of the Share Repurchase Mandate and the Issuance Mandate; and (iv) the details of the proposed Bonus Issue.

LETTER FROM THE BOARD

2. FINAL DIVIDENDS

The Board has proposed to declare a final dividend of HK\$0.005 (equivalent to approximately RMB0.004) per Share for the year ended 31 December 2014 payable to the Shareholders whose names appear on the register of members of the Company on 20 May 2015. The total payout will amount to HK\$6.8 million (equivalent to approximately RMB5.4 million). The declaration of final dividends for the year ended 31 December 2014 will be subject to the approval of the Shareholders at the Annual General Meeting.

3. PROPOSED RE-ELECTION OF RETIRING DIRECTORS

Pursuant to the Articles, at each annual general meeting one-third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. A retiring Director shall be eligible for re-election.

In addition, any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

According to the Articles and in the opinion of the Board, Mr. Wu Qingshan, Mr. Lee Kong Wai, Conway and Mr. Lam Hin Chi shall retire at the Annual General Meeting. All of the above retiring Directors, being eligible, will offer themselves for re-election at the same meeting.

Details of the retiring Directors are set out in Appendix I to this circular.

4. SHARE REPURCHASE MANDATE AND ISSUANCE MANDATE

By the shareholders' resolutions passed on 15 May 2014 and on 29 July 2014, general mandates were granted to the Directors to repurchase Shares and issue new Shares respectively. Such mandates will lapse at the conclusion of the Annual General Meeting. In order to give the Company the flexibility to repurchase Shares and issue new Shares if and when appropriate the following ordinary resolutions will be proposed at the Annual General Meeting to approve:

- (a) the granting of a general and unconditional mandate to the Directors to purchase Shares on the Stock Exchange of not exceeding 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the proposed ordinary resolution contained in item 5 of the notice of the Annual General Meeting as set out on pages 19 to 23 of this circular (i.e. an aggregate nominal amount of Shares up to HK\$1,363,000 (equivalent to 136,300,000 Shares) on the basis that the issued share capital of the Company remains unchanged on the date of the Annual General Meeting);
- (b) the granting of a general and unconditional mandate to the Directors to allot, issue or deal with additional Shares of not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the proposed ordinary resolution contained in item 6 of the notice of the Annual General Meeting

LETTER FROM THE BOARD

as set out on pages 19 to 23 of this circular (i.e. an aggregate nominal amount of Shares up to HK\$2,726,000 (equivalent to 272,600,000 Shares) on the basis that the issued share capital of the Company remains unchanged on the date of the Annual General Meeting); and

- (c) the extension of the Issuance Mandate by adding thereto the aggregate nominal amount of Shares repurchased by the Company pursuant to the Share Repurchase Mandate.

The Share Repurchase Mandate and the Issuance Mandate will expire:

- at the conclusion of the next annual general meeting of the Company;
- upon the expiration of the period within which the next annual general meeting of the Company is required by the Articles or any applicable laws of the Cayman Islands to be held; or
- when varied, revoked or renewed by an ordinary resolution of the Shareholders in a general meeting,

whichever is the earliest.

With reference to the Share Repurchase Mandate and the Issuance Mandate, the Directors wish to state that they have no immediate plan to repurchase any Shares or issue any new Shares pursuant thereto.

An explanatory statement required by the Listing Rules to provide you with requisite information reasonably necessary for you to make an informed decision on whether to vote for or against the granting of the Share Repurchase Mandate is set out in Appendix II to this circular.

5. PROPOSED BONUS ISSUE OF SHARES

As announced by the Company on 26 March 2015, the Board is pleased to announce that the Directors recommended the Bonus Issue to the Shareholders on the basis of one Bonus Share for every 100 Shares in issue held on the Record Date. The Bonus Shares will be credited as fully paid by way of capitalisation of an amount of about HK\$136,300 in the share premium account of the Company. Assuming that no further Shares will be issued and/or repurchased by the Company before the Record Date, 13,630,000 Bonus Shares will be issued pursuant to the Bonus Issue. The Bonus Shares will rank *pari passu* in all respects with the Shares including the entitlement to receiving dividends and other distributions the record date for which is on or after the date of allotment and issue of those Bonus Shares and the Company will not allot any fractions of Bonus Shares and such fractional entitlements, if any, will be aggregated and sold for the benefit of the Company. No Bonus Share will be issued to shareholders holding less than 100 Shares on the Record Date.

LETTER FROM THE BOARD

Conditions of the Bonus Issue

The Bonus Issue is conditional upon:

- (i) the passing of an ordinary resolution by the Shareholders at the Annual General Meeting for approving the Bonus Issue;
- (ii) the Listing Committee granting the listing of, and permission to deal in, the Bonus Shares; and
- (iii) compliance with the relevant legal procedures and requirements (if any) under the applicable laws of the Cayman Islands and the Articles to effect the Bonus Issue.

Reason for the Bonus Issue

The Board believes that the Bonus Issue is a return to the support of the Shareholders. The Bonus Issue will also allow the Shareholders to participate in the business growth of the Company by way of capitalisation of a portion of the share premium account.

Listing and dealing

Application has been made to the Stock Exchange for the listing of, and permission to deal in, the Bonus Shares. Subject to the grant of such permission, the Bonus Shares are to be listed on the Stock Exchange. No part of the securities of the Company is listed or dealt in, nor is listing or permission to deal in the securities of the Company being or proposed to be sought, on any other stock exchange.

Subject to the granting of the approval for the listing of, and permission to deal in, the Bonus Shares on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Bonus Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Bonus Shares on the Stock Exchange or such other date as determined by HKSCC. Shareholders should seek the advice of their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests. All activities under CCASS are subject to the general rules of CCASS and CCASS operational procedures in effect from time to time.

Subject to the conditions as set out in the paragraph headed “Conditions of the Bonus Issue” above, (i) the share certificates for the Bonus Shares (which are not renounceable) are expected to be issued and posted to the persons entitled thereto at their own risk on or about 17 July 2015; and (ii) dealings in the Bonus Shares are expected to commence on 20 July 2015.

Stamp duty in Hong Kong will be payable in respect of dealings in the Bonus Shares.

LETTER FROM THE BOARD

Overseas Shareholders

As at the Latest Practicable Date, there were no Shareholders whose addresses as shown on the register of members of the Company were outside Hong Kong. If there are Shareholders whose addresses as shown on the register of members of the Company were outside Hong Kong on the Record Date, the Company will make enquiries with foreign legal counsels regarding the legal restrictions under the laws of the relevant jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges regarding the issue of the Bonus Shares to those Overseas Shareholders. If having considered the advice provided by such foreign legal counsels, the Directors are of the view that it is necessary or expedient not to issue the Bonus Shares to those Overseas Shareholders whose addresses are in certain jurisdictions due to the time and costs involved in the registration of this circular and/or compliance with the legal or regulatory requirements or special formalities in those jurisdictions, no Bonus Shares will be issued to the Overseas Shareholders in those jurisdictions and this circular is provided to them for information purposes only. The Bonus Shares which would otherwise have been issued to such Overseas Shareholders will be sold in the market as soon as practicable after dealings in the Bonus Shares commence if a premium, net of expenses, can be obtained. Any net proceeds of sale, after deduction of expenses, will be distributed in Hong Kong currency to such Overseas Shareholders. Remittance thereof will be posted to such Overseas Shareholder(s), at their own risks, unless the amount falling to be distributed to any such Overseas Shareholders shall be less than HK\$100, in which case such amount will not be distributed but will be retained for the benefit of the Company.

Odd Lot Matching Services

In order to alleviate the difficulties arising from the existence of odd lots of Bonus Shares arising from the Bonus Issue, the Company has appointed Computershare Hong Kong Investor Services Limited to provide matching service for sale and purchase of odd lots of Bonus Shares at the relevant market price per Bonus Share, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Bonus Shares to make up a full board lot, or to dispose of their holding of odd lots of the Bonus Shares. Shareholders who wish to utilise the service should contact Computershare Hong Kong Investor Services Limited at (852) 2862 8555, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong during the period from Monday, 20 July 2015 to Friday, 7 August 2015, both days inclusive.

Holders of odd lots of the Bonus Shares should note that successful matching of the sale and purchase of odd lots of the Bonus Shares is not guaranteed. If you are in any doubt as to the above arrangements, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

LETTER FROM THE BOARD

6. CLOSURE OF REGISTER OF MEMBERS

For determining the entitlements to the final dividends for the year ended 31 December 2014 and the Bonus Issue, the register of members of the Company will be closed from 18 May 2015 to 20 May 2015, both days inclusive, during which period no transfer of Shares will be effected. In order to qualify for the final dividends for the year ended 31 December 2014 and the Bonus Issue, all transfers of Shares must be duly completed, accompanied by the relevant share certificates and lodged with the share registrar of the Company no later than 4:30 p.m. on 15 May 2015.

7. ANNUAL GENERAL MEETING AND PROXY ARRANGEMENT

The notice of the Annual General Meeting is set out on pages 19 to 23 of this circular.

Pursuant to the Listing Rules and the Articles, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates to purely a procedural or administrative matter to be voted on by a show of hands in accordance with the note to Rule 13.39(4) of the Listing Rules. An announcement on the poll results will be published by the Company after the Annual General Meeting in the manner prescribed under Rule 13.39(5) of the Listing Rules.

A form of proxy for use at the Annual General Meeting is enclosed with this circular and such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.merrygardenholdings.com>). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority at the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting at the Annual General Meeting if you so wish.

8. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the 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, the information contained in this circular is accurate and complete in all material aspects and not misleading or deceptive, and there are no other matters, the omission of which would make any statement herein or this circular misleading.

LETTER FROM THE BOARD

9. RECOMMENDATION

The Directors consider that the proposed declaration of final dividends for the year ended 31 December 2014, the re-election of retiring Directors and granting of the Share Repurchase Mandate and Issuance Mandate, the extension of the Issuance Mandate and the proposed Bonus Issue are in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend the Shareholders to vote in favour of all resolutions to be proposed at the Annual General Meeting.

Yours faithfully,
For and on behalf of the Board
Wu Zheyuan
Chairman

Pursuant to the Listing Rules, the details of the Directors, who will retire and offer themselves for re-election at the Annual General Meeting, are provided below.

(1) Mr. Wu Qingshan (“Mr. Wu”)

Position, experience and relationship

Wu Qingshan (吳青山), aged 46, was appointed as an executive Director on 15 June 2012. Mr. Wu is currently in charge of marketing and production management for the Group. Mr. Wu has over 24 years of experience in timber products enterprise management. Before joining the Group, Mr. Wu served as a deputy director of Zhangping Textile Machinery Factory (漳平市紡織器材廠副廠長) from 1993 to 1995 and a technician of Zhangping Xinan Timber Processing Factory (漳平市溪南木材綜合加工廠) from 1986 to 1993. Since the foundation of the Group in 1995, Mr. Wu has been a director and a deputy general manager of Zhangping Kimura. Mr. Wu did not hold any directorship in any other listed companies in the past three years.

Mr. Wu is an uncle of Mr. Wu Zheyuan and a brother-in-law of Mr. Wu Dongping.

Interests in Shares

As far as the Directors are aware, as at the Latest Practicable Date, Mr. Wu was interested in 27,502,800 Shares, representing 2.02% of the issued share capital of the Company.

Save as disclosed above, as far as the Directors are aware, as at the Latest Practicable Date, Mr. Wu was not interested or deemed to be interested in the Shares or the associated corporations of the Company pursuant to Part XV of the SFO.

Length of service and Director’s emoluments

Mr. Wu has entered into a service contract with the Company for a term of three years commencing from 15 June 2012, which may be terminated by not less than three months’ notice in writing served by either party on the other and is subject to termination provisions therein and provisions on retirement by rotation of Directors as set out in the Articles. For the year ended 31 December 2014, the total emoluments paid to Mr. Wu is approximately RMB243,000 (including director fee, salaries, allowances and benefits in kind, discretionary bonus and retirement scheme contributions). Pursuant to the service contract, Mr. Wu is entitled to a monthly salary of RMB18,000. The remuneration of Mr. Wu was determined with reference to the prevailing market conditions, Mr. Wu’s expertise, duties and responsibilities with the Company and the remuneration policy of the Group and is subject to review by the Company’s Remuneration Committee from time to time.

(2) Mr. Lee Kong Wai, Conway (“Mr. Lee”)*Position, experience and relationship*

Lee Kong Wai, Conway (李港衛), aged 59, has over 30 years of experience in public accounting and auditing, corporate finance, merger and acquisition and initial public offerings. Mr. Lee served at Ernst & Young from September 1980 to September 2009. Mr. Lee was a partner of Ernst & Young and held key leadership positions in the development of Ernst & Young in China. Mr. Lee graduated from Kingston University (formerly known as Kingston Polytechnic) in London with a Bachelor’s degree in Arts in July 1980 and further obtained his postgraduate diploma in business from Curtin University of Technology in Australia in February 1988.

Mr. Lee is currently an independent non-executive director of China Modern Dairy Holdings Ltd. (stock code: 1117), West China Cement Limited (stock code: 2233), Chaowei Power Holdings Limited (stock code: 951), GOME Electrical Appliances Holding Limited (stock code: 493), Tibet 5100 Water Resources Holdings Ltd (stock code: 1115), NVC Lighting Holding Limited (stock code: 2222), Yashili International Holdings Ltd (stock code: 1230), GCL New Energy Holdings Limited (formerly Same Time Holdings Limited) (stock code: 451), China Rundong Auto Group Limited (stock code: 1365) and WH Group Limited (stock code: 288), all of which are listed on the Main Board of the Stock Exchange, and CITIC Securities Company Limited, a company listed on the Stock Exchange (stock code: 6030) and the Shanghai Stock Exchange (stock code: 600030). From October 2009 to August 2013, Mr. Lee served as an independent non-executive director of China Taiping Insurance Holdings Company Limited, a company listed on the Stock Exchange (stock code: 966). From September 2009 to December 2011, Mr. Lee served as an independent non-executive director of Sino Vanadium Inc., a company listed on the TSX Venture Exchange (stock code: SVX).

Mr. Lee is a member of the Institute of Chartered Accountants in England and Wales, the Institute of Chartered Accountants in Australia, the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants and the Macau Society of Certified Practising Accountants respectively. Since 2007, Mr. Lee has been a member of Chinese People’s Political Consultative Conference of Hunan Province.

As far as the Directors are aware, Mr. Lee does not have any relationship with other Directors, senior management, substantial Shareholders or controlling Shareholders.

Interests in Shares

As far as the Directors are aware, as at the Latest Practicable Date, Mr. Lee was not interested or deemed to be interested in the Shares or the associated corporations of the Company pursuant to Part XV of the SFO.

Length of service and Director's emoluments

Mr. Lee has entered into a service contract with the Company for a term of three years commencing from 16 July 2014, which may be terminated by not less than three months' notice in writing served by either party on the other and is subject to termination provisions therein and provisions on retirement by rotation of Directors as set out in the Articles. For the year ended 31 December 2014, the total emoluments paid to Mr. Lee is approximately RMB368,000 which included director fee. Mr. Lee is entitled to a monthly salary of RMB66,667. The remuneration of Mr. Lee was determined with reference to the prevailing market conditions, Mr. Lee's expertise, duties and responsibilities with the Company and the remuneration policy of the Group and is subject to review by the Company's Remuneration Committee from time to time.

(3) Mr. Lam Hin Chi ("Mr. Lam")*Position, experience and relationship*

Lam Hin Chi (藍顯賜), aged 50, was appointed as an independent non-executive Director since 15 June 2012. Mr. Lam is a fellow member of The Association of Chartered Certified Accountants, and an associate member of The Chartered Institute of Management Accountants, The Institute of Chartered Accountants in England and Wales and The Hong Kong Institute of Certified Public Accountants, respectively. Mr. Lam graduated from The Hong Kong Polytechnic University with a Professional Diploma in Management Accountancy and a Bachelor of Arts degree (Honours) in Accountancy. Mr. Lam has over 26 years of experience in finance, audit and accounting. Mr. Lam was a senior personnel of a number of companies listed on the Main Board of the Stock Exchange. Mr. Lam is currently an independent non-executive director of VST Holdings Limited (stock code: 856), which is listed on the Main Board of the Stock Exchange.

As far as the Directors are aware, Mr. Lam does not have any relationship with other Directors, senior management, substantial Shareholders or controlling Shareholders.

Interests in Shares

As far as the Directors are aware, as at the Latest Practicable Date, Mr. Lam was not interested or deemed to be interested in the Shares or the associated corporations of the Company pursuant to Part XV of the SFO.

Length of service and Director's emoluments

Mr. Lam has entered into a service contract with the Company for a term of three years commencing from 15 June 2012, which may be terminated by not less than three months' notice in writing served by either party on the other and is subject to termination provisions therein and provisions on retirement by rotation of Directors as set out in the Articles. For the year ended 31 December 2014, the total emoluments paid to Mr. Lam is approximately RMB95,000 which included director fee. Mr. Lam is entitled to a monthly salary of HK\$10,000. The remuneration of Mr. Lam was determined with reference to the

prevailing market conditions, Mr. Lam's expertise, duties and responsibilities with the Company and the remuneration policy of the Group and is subject to review by the Company's Remuneration Committee from time to time.

(4) General

Save as disclosed above, there are no other matters relating to the re-election of the retiring Directors that are required to be disclosed pursuant to any of the requirements of Rule 13.51(2) of the Listing Rules and no other matters need to be brought to the attention of the Shareholders.

The following is an explanatory statement required by the Listing Rules to provide the Shareholders with requisite information reasonably necessary for them to make an informed decision on whether to vote for or against the ordinary resolution to be proposed at the Annual General Meeting in relation to the granting of the Share Repurchase Mandate.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,363,000,000 Shares.

Subject to the passing of the ordinary resolution set out in item 5 of the notice of the Annual General Meeting in respect of the granting of the Share Repurchase Mandate and on the basis that the issued share capital of the Company remains unchanged on the date of the Annual General Meeting i.e. being 1,363,000,000 Shares, the Directors would be authorised under the Share Repurchase Mandate to repurchase (during the period in which the Share Repurchase Mandate remains in force) an aggregate nominal amount of Shares up to HK\$1,363,000 (equivalent to 136,300,000 Shares), representing 10% of the aggregate nominal amount of Shares in issue as at the date of the Annual General Meeting.

2. REASONS FOR REPURCHASE OF SHARES

The Directors believe that the granting of the Share Repurchase Mandate is in the best interests of the Company and the Shareholders.

Repurchases of Shares may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders.

3. FUNDING OF REPURCHASE

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association of the Company and the Articles, the laws of the Cayman Islands and/or any other applicable laws, as the case may be.

4. IMPACT OF REPURCHASE

There might be a material 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 of the Company for the year ended 31 December 2014) in the event that the Share Repurchase Mandate was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not intend to exercise the Share Repurchase Mandate 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.

5. MARKET PRICES OF SHARES

The highest and lowest prices per Share at which Shares have traded on the Stock Exchange during the 12 months preceding the Latest Practicable Date were as follows:

Month	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2014		
April	0.82	0.71
May	0.74	0.70
June	0.86	0.72
July	0.90	0.77
August	1.08	0.81
September	1.00	0.81
October	1.00	0.83
November	0.87	0.75
December	0.81	0.68
2015		
January	0.79	0.67
February	0.78	0.73
March (up to the Latest Practicable Date)	0.82	0.64

6. GENERAL

To the best of their knowledge and having made all reasonable enquiries, none of the Directors nor any of their respective close associates (as defined in the Listing Rules) have any present intention to sell any Shares to the Company in the event that the granting of the Share Repurchase Mandate is approved by the Shareholders.

The Company has not been notified by any core connected persons (as defined in the Listing Rules) of the Company that they have a present intention to sell any Shares to the Company, or that they have undertaken not to sell any Shares held by them to the Company in the event that the granting of the Share Repurchase Mandate is approved by the Shareholders. The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make repurchases of Shares pursuant to the Share Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

7. TAKEOVERS CODE

If as a result of a repurchase of Shares pursuant to the Share Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition of voting rights for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert (within the

meaning under the Takeovers Code), depending on the level of increase in the Shareholders' interest, could obtain or consolidate control of the Company and thereby become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

To the best knowledge of the Directors, as at the Latest Practicable Date, Mr. Wu Zheyuan and Green Seas Capital Limited (the "Concert Party"), being parties acting in concert as defined under the Takeovers Code, were interested or deemed to be interested in 412,515,200 Shares representing 30.27% of the total issued share capital of the Company. In the event that the Directors exercise the proposed Share Repurchase Mandate in full, the interest or deemed interest in shareholding of Mr. Wu Zheyuan and Green Seas Capital Limited would be increased to 33.63% of the total issued share capital of the Company. On the basis of the current shareholding of the Concert Party, an exercise of the Share Repurchase Mandate in full will result in the Concert Party and their respective concert parties becoming obliged to make a mandatory offer under Rule 26 of the Takeovers Code.

The Directors do not consider such increase would reduce the issued share capital in the public to less than 25% (or the relevant prescribed minimum percentage required by the Stock Exchange). The Directors do not propose to exercise the Share Repurchase Mandate to such an extent as would, in the circumstances, give rise to an obligation to make a mandatory offer in accordance with Rule 26 of the Takeovers Code and/or result in the aggregate number of Shares held by the public Shareholders falling below the prescribed minimum percentage required by the Stock Exchange.

8. REPURCHASE OF SHARES MADE BY THE COMPANY

Except for the repurchase of 2,000,000 Shares at HK\$0.75 to HK\$0.76 per Share made by the Company on 12 January 2015, during the six months prior to the Latest Practicable Date, the Company had not repurchased any of the Shares (whether on the Stock Exchange or otherwise).

NOTICE OF ANNUAL GENERAL MEETING



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)

Notice is hereby given that an Annual General Meeting of Merry Garden Holdings Limited (the “**Company**”) will be held at Unit 3810, 38/F., China Resources Building, 26 Harbour Road, Hong Kong on Tuesday, 12 May 2015 at 2:30 p.m. for the following purposes:

1. To receive the audited consolidated financial statements of the Company and the reports of the directors and auditors for the year ended 31 December 2014.
2. To declare a final dividend for the year ended 31 December 2014.
3. To consider and approve, each as a separate resolution, if thought fit, the following resolutions:
 - (a) to re-elect Mr. Wu Qingshan as director;
 - (b) to re-elect Mr. Lee Kong Wai, Conway as director;
 - (c) to re-elect Mr. Lam Hin Chi as director; and
 - (d) to authorise the board of directors to fix the directors’ remuneration.
4. To re-appoint KPMG as auditors and to authorise the board of directors to fix their remuneration.

As special business, to consider and, if thought fit, pass with or without amendments, the following resolutions as ordinary resolutions:

5. “**THAT:**
 - (a) subject to paragraph (b) below, a general mandate be and is hereby generally and unconditionally given to the directors of the Company to exercise during the Relevant Period (as defined below) all the powers of the Company to purchase its shares in accordance with all applicable laws, rules and regulations;
 - (b) the total nominal amount of shares of the Company to be purchased pursuant to the mandate 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 of this resolution and the said mandate shall be limited accordingly; and

NOTICE OF ANNUAL GENERAL MEETING

(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 articles of association of the Company or any applicable laws 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 in general meeting.”

6. “**THAT:**

- (a) subject to paragraph (c) below, a general mandate be and is hereby generally and unconditionally given to the directors of the Company during the Relevant Period (as defined below) to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers;
- (b) the mandate in paragraph (a) above shall authorise the directors of the Company to make or grant offers, agreements and options during the Relevant Period 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 by the directors pursuant to the mandate in paragraph (a) above, otherwise than pursuant to:
 - (i) a Rights Issue (as defined below);
 - (ii) the exercise of options under a share option scheme of the Company;
 - (iii) any scrip dividend scheme or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the articles of association of the Company,

shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company on the date of the passing of this resolution and the said mandate shall be limited accordingly; and

NOTICE OF ANNUAL GENERAL MEETING

(d) 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 articles of association of the Company or any applicable laws 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 in general meeting.

“**Rights Issue**” means an offer of 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 exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlement or having regard to any restrictions or obligations under the laws of any relevant jurisdiction or the requirements of any recognised regulatory body or any stock exchange).”

7. “**THAT** conditional upon the passing of resolutions set out in items 5 and 6 of the notice convening this meeting (the “**Notice**”), the general mandate referred to in the resolution set out in item 6 of the Notice be and is hereby extended by the addition to the aggregate nominal amount of shares which may be allotted and issued or agreed conditionally or unconditionally to be allotted and issued by the directors pursuant to such general mandate of an amount representing the aggregate nominal amount of shares purchased by the Company pursuant to the mandate referred to in resolution set out in item 5 of the Notice, provided that such amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution.”
8. “**THAT** conditional upon (i) the listing sub-committee of the board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting or agreeing to grant listing of, and permission to deal in, the Bonus Shares (as hereinafter in paragraph (a) of this resolution defined) to be issued, pursuant to this resolution; and (ii) immediately following the date of the issue of Bonus Shares, the Company is able to pay its debt as they fall due in the ordinary course of business:
- (a) the amount standing to the credit of the share premium account of the Company as would be required to be applied in paying up in full at par new ordinary shares of HK\$0.01 each in the capital of the Company (the “**Shares**”), such Shares, credited as fully paid, to be allotted and distributed (subject as referred to in paragraph (b) below) among members of the Company whose names appear on the register of members of the Company on 20 May 2015 in the

NOTICE OF ANNUAL GENERAL MEETING

proportion of one new Share (the “**Bonus Share**”) for every 100 existing Shares then held, be capitalised and applied in such manner and the Directors be and are hereby authorised to allot and issue such Bonus Shares;

- (b) no fractional Bonus Shares shall be allotted to members of the Company and fractional entitlements (if any) will be aggregated and sold for the benefit of the Company;
- (c) the Bonus Shares to be issued pursuant to paragraph (a) above shall rank pari passu in all respects with the shares of HK\$0.01 each in the capital of the Company in issue on the day on which the Bonus Shares are allotted and issued, except that they will not be eligible for the bonus issue mentioned in this resolution;
- (d) the Directors be and are hereby authorised to arrange for the Bonus Shares which would otherwise have been issued to the non-qualifying Shareholders, if any, to be sold in the market as soon as practicable after dealing in the Bonus Shares commences, and distribute the net proceeds of sale, after deduction of expenses, in Hong Kong dollars to the non-qualifying Shareholders, if any, pro rata to their respective shareholdings and to post to them the remittances therefor at their own risk, unless the amount to be distributed to any such persons is less than HK\$100, in which case the Directors be and are hereby authorised to retain such amount for the benefit of the Company; and
- (e) the Directors be and are hereby authorised to do all acts and things as may be necessary and expedient in connection with the issue of the Bonus Shares.”

By Order of the Board
Wu Zheyang
Chairman

Hong Kong, 10 April 2015

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. All resolutions at the meeting will be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates to purely a procedural or administrative matter to be voted on by a show of hands in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), and the results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.
2. Any member of the Company entitled to attend and vote at the above meeting is entitled to appoint a proxy (or more than one proxy if he is the holder of two or more shares) to attend and vote instead of him. A proxy need not be a member of the Company. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
3. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company’s Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Delivery of the form of proxy shall not preclude a member of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. In order to determine the entitlement to attend and vote at the annual general meeting for the year ended 31 December 2014, the register of members of the Company will be closed from 8 May 2015 to 12 May 2015 (both days inclusive), during which period no transfer of shares can be registered. In order to qualify for attending and voting at the annual general meeting for the year ended 31 December 2014, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong for registration by not later than 4:30 p.m. on 7 May 2015.
5. In order to determine the entitlement to the final dividends for the year ended 31 December 2014 and Bonus Issue, the register of members of the Company will be closed from 18 May 2015 to 20 May 2015 (both days inclusive), during which period no transfer of shares can be registered. In order to qualify for the final dividends for the year ended 31 December 2014 and Bonus Issue, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong for registration by not later than 4:30 p.m. on 15 May 2015.
6. As at the date of this notice, the executive directors of the Company are Mr. Wu Zheyang, Mr. Wu Qingshan and Ms. Xie Qingmei; the non-executive directors of the Company are Mr. Lee Kong Wai, Conway and Mr. Wu Dongping; and the independent non-executive directors of the Company are Prof. Jin Zhongwei, Prof. Su Wenqiang and Mr. Lam Hin Chi.