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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)**

- (1) PROPOSED OPEN OFFER ON THE BASIS OF  
ONE (1) OFFER SHARE FOR EVERY TWO (2) EXISTING SHARES  
HELD ON THE RECORD DATE AT AN OFFER PRICE OF HK\$0.2 PER  
OFFER SHARE;  
(2) PROPOSED CHANGE IN BOARD LOT SIZE;  
AND  
(3) CLOSURE OF REGISTER OF MEMBERS**

**Underwriter of the Open Offer**



### **PROPOSED OPEN OFFER**

The Company proposes to raise approximately HK\$171.6 million, before expenses by way of open offer of 857,945,000 Offer Shares at the Subscription Price of HK\$0.2 per Offer Share on the basis of one (1) Offer Share for every two (2) existing Shares held on the Record Date.

The net proceeds from the Open Offer, after deducting the estimated expenses, are estimated to be approximately HK\$170 million. The Company intends to apply the net proceeds from the Open Offer as to (i) approximately HK\$119 million for the financing of the acquisition of additional machinery and equipment to enhance the Group's manufacturing automation; (ii) approximately HK\$17 million for research and development activities to enhance the product designs of the Group; and (iii) approximately HK\$34 million for general working capital to strengthen the Company's financial position. The estimated net price per Offer Share after deducting the related expenses of the Open Offer will be approximately HK\$0.198.

The Open Offer will only be available to the Qualifying Shareholders. The Company will send the Prospectus Documents to the Qualifying Shareholders and the Prospectus, for information only, to the Non-Qualifying Shareholders. To qualify for the Open Offer, a Shareholder must be registered as a member of the Company on the Record Date and must be a Qualifying Shareholder. In order to be registered as members of the Company on the Record Date, Shareholders must lodge any transfers of Shares (together with the relevant share certificates) with the Registrar for registration no later than 4:30 p.m. (Hong Kong time) on Thursday, 12 November 2015.

The Open Offer will be fully underwritten by the Underwriter. Details of the underwriting arrangement are set out in the paragraph headed "Underwriting Agreement" below in this announcement.

#### **PROPOSED CHANGE IN BOARD LOT SIZE**

As at the date of this announcement, the Shares are traded in board lot size of 2,000 Shares. The Board proposes to change the board lot size for trading of the Shares from 2,000 Shares to 10,000 Shares.

#### **GENERAL**

As the proposed Open Offer will not increase the issued share capital or the market capitalisation of the Company by more than 50% within the 12-month period immediately preceding the date of this announcement, and the Open Offer is fully underwritten by the Underwriter who is not a director, chief executive or substantial shareholder of the Company (or an associate of any of them), pursuant to Rules 7.24(5) and 7.26A of the Listing Rules, the Open Offer is not subject to the approval of the Shareholders in general meeting.

The Company will send the Prospectus Documents to the Qualifying Shareholders only. The Prospectus Documents setting out details of the Open Offer will be despatched to the Qualifying Shareholders on the Prospectus Posting Date. Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Prospectus (without the Application Forms) will be despatched to the Non-Qualifying Shareholders for their information only.

## **WARNING OF THE RISKS OF DEALINGS IN THE SHARES**

**Shareholders and potential investors should note that the Open Offer is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Open Offer may or may not proceed. Shareholders and potential investors should exercise extreme caution when dealings in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.**

**Shareholders should note that the Shares will be dealt in on an ex-entitlement basis commencing from Wednesday, 11 November 2015 and that dealings in the Shares will take place while the conditions to which the Underwriting Agreement is subject to remain unfulfilled. Any Shareholder or other person dealings in the Shares up to the date on which all conditions to which the Open Offer are subject to are fulfilled (which is expected to be at 4:30 p.m. on Tuesday, 8 December 2015), will accordingly bear the risk that the Open Offer cannot become unconditional and may not proceed. Any Shareholder or other person contemplating to sell or purchase any Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.**

## **PROPOSED OPEN OFFER**

Basis of the Open Offer:	One (1) Offer Share for every two (2) existing Shares held on the Record Date
Subscription Price:	HK\$0.2 per Offer Share
Number of Shares in issue as at the date of this announcement:	1,715,890,000 Shares
Number of Offer Shares:	857,945,000 Offer Shares
Number of Shares in issue immediately upon completion of the Open Offer:	2,573,835,000 Shares
Underwriter:	FP Sino-Rich Securities & Futures Limited
Gross funds proposed to be raised before expenses:	Approximately HK\$171.6 million

As at the date of this announcement, the Company has no derivatives, outstanding convertible or exchangeable securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

The Open Offer is fully underwritten by the Underwriter which shall ensure that the Company will maintain the minimum public float requirement in compliance with Rule 8.08(1)(a) of the Listing Rules.

### **The Offer Shares**

Assuming no outstanding Share Options will be exercised on or before the Record Date, 857,945,000 Offer Shares will be issued and allotted, representing 50.00% of the issued share capital of the Company as at the date of this announcement and approximately 33.33% of the enlarged issued share capital of the Company immediately upon completion of the Open Offer.

### **Subscription Price**

The Subscription Price of HK\$0.2 per Offer Share will be payable in full upon application by a Qualifying Shareholder. The Subscription Price represents:

- (a) a discount of approximately 29.8% to the closing price of HK\$0.285 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 31.5% to the average closing price of approximately HK\$0.292 per Share for the last 5 consecutive trading days as quoted on the Stock Exchange up to and including the Last Trading Day;
- (c) a discount of approximately 32.2% to the average closing price of approximately HK\$0.295 per Share for the last 10 consecutive trading days as quoted on the Stock Exchange up to and including the Last Trading Day;
- (d) a discount of approximately 9.8% to the theoretical ex-entitlement price (assuming no outstanding Share Options being exercised from the date of this announcement up to the Record Date) of approximately HK\$0.257 per Share based on the closing price of HK\$0.285 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (e) a discount of approximately 73.3% to the unaudited consolidated net asset value per Share of approximately RMB0.62 (equivalent to approximately HK\$0.75) as at 30 June 2015 (based on 1,429,000,000 Shares in issue as at 30 June 2015).

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to, among other things, the market price and trading liquidities of the Shares under the prevailing market conditions and the financial position of the Group. As all Qualifying Shareholders are entitled to subscribe for the Offer Shares in the same proportion to his/her/its existing shareholding in the Company held on the Record Date, the Board considers that the discount of the Subscription Price would encourage the Qualifying Shareholders to take up their entitlements so as to maintain their shareholdings in the Company and participate in the future growth of the Group. The Board considers that the Subscription Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## Conditions of the Open Offer

The Open Offer is conditional upon the fulfillment of the following conditions:

- (1) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules, the Companies Ordinance and the Companies (Winding Up and Miscellaneous Provision) Ordinance not later than the Prospectus Posting Date;
- (2) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus to the Non-Qualifying Shareholders, if any, for information purpose only, explaining the circumstances in which they are not permitted to participate in the Open Offer on or before the Prospectus Posting Date;
- (3) the Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of, and permission to deal in, the Offer Shares by no later than the first day of their dealings;
- (4) the obligations of the Underwriter becoming unconditional and that the Underwriting Agreement is not terminated in accordance with its terms; and
- (5) the representation, warranties and undertakings of the Company as set out in the Underwriting Agreement remain true and correct.

The Company shall use all reasonable endeavours to procure the fulfilment or waiver (as the case may be) of all the above conditions precedent by the Latest Time for Termination or such other time and date as the Company and the Underwriter may agree and in particular, the Company shall furnish such information, supply such documents, pay such fees, give such undertakings and do all such acts and things as may be necessary in connection with the listing of the Offer Shares or to give effect to the Open Offer and the arrangement contemplated under the Underwriting Agreement.

The Company shall make an application to the Stock Exchange for the listing of, and permission to deal in, the Offer Shares.

The Underwriter may at any time by notice in writing to the Company waive the condition set out in paragraph (5) above. Save and except for the condition set out in paragraph (5) above, the other conditions are incapable of being waived. If the conditions precedent set out in paragraphs (1) to (5) above are not fulfilled and/or waived in whole or in part by the Underwriter by the Latest Time for Termination or such other date as the Company and the Underwriter may agree, the Underwriting Agreement shall terminate (save in respect of the provisions on fees, notices and governing law and jurisdiction) and no party will have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

## **Status of the Offer Shares**

The Offer Shares, when allotted, issued and fully-paid, will rank *pari passu* with the Shares then in issue in all respects. Holders of such Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid with a record date which falls on or after the date of allotment and issue of the Offer Shares. Dealings in the Offer Shares, which are registered in the register of members of the Company in Hong Kong, will be subject to payment of stamp duty and other applicable fees and charges in Hong Kong.

## **Qualifying Shareholders**

The Open Offer will only be available to the Qualifying Shareholders. The Company will send the Prospectus Documents to the Qualifying Shareholders and the Prospectus, for information only, to the Non-Qualifying Shareholders. To qualify for the Open Offer, Shareholders must be registered as members of the Company on the Record Date and must be a Qualifying Shareholder.

In order to be registered as members of the Company on the Record Date, Shareholders must lodge any transfers of the Shares (together with the relevant share certificates) with the Registrar for registration no later than 4:30 p.m. on Thursday, 12 November 2015.

## **Closure of register of members**

The Company's register of members will be closed from Friday, 13 November 2015 to Wednesday, 18 November 2015, both dates inclusive, for the purpose of, among other things, establishing entitlements to the Open Offer. No transfer of Shares will be registered during this period.

## **Rights of Overseas Shareholders**

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

In compliance with Rule 13.36(2) of the Listing Rules, the Company will make enquiries regarding the feasibility of extending the Open Offer to the Overseas Shareholders. If, based on legal advice, the Directors consider that it is necessary or expedient not to issue the Offer Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, the Open Offer will not be available to such Overseas Shareholders. Accordingly, the Open Offer will not be extended to the Non-Qualifying Shareholder(s). Further information in this connection will be set out in the Prospectus containing, among other things, details of the Open Offer, to be despatched to the Qualifying Shareholders on the Prospectus Posting Date. The Company will send copies of the Prospectus to the Non-Qualifying Shareholders for their information only, but will not send any Application Form to them.

**Overseas Shareholders should note that they may or may not be entitled to the Open Offer. Accordingly, Overseas Shareholders should exercise caution when dealing in the securities of the Company.**



## **No application for excess Offer Shares**

No Qualifying Shareholder is entitled to apply for any Offer Shares which are in excess to his/her/its entitlement. Any Offer Shares not taken up by the Qualifying Shareholders, and the Offer Shares to which the Non-Qualifying Shareholders would otherwise have been entitled under the Open Offer, will not be available for subscription by other Qualifying Shareholders by way of excess application and will be taken up by the Underwriter.

The Directors hold the view that the Open Offer allows the Qualifying Shareholders to maintain their respective pro rata shareholding in the Company and to participate in the future growth and development of the Group. After arm's length negotiations with the Underwriter, and taking into account that the related administration costs would be lowered in the absence of excess applications, the Directors consider that it is fair and reasonable and in the interests of the Company and the Shareholders as a whole not to offer any excess application to the Qualifying Shareholders.

Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to subscribe or procure subscription for the Offer Shares which have not been taken up by the Qualifying Shareholders.

## **Fractions of Offer Shares**

Entitlements to the Offer Shares will be rounded down to the nearest whole number. No fractional entitlements to the Offer Shares will be issued to the Shareholders and no entitlements of the Non-Qualifying Shareholders to the Offer Shares will be issued to the Non-Qualifying Shareholders. The Offer Shares representing such fractional entitlements and entitlements of the Non-Qualifying Shareholders will be aggregated and sold in the open market, if a premium (net of expenses) can be obtained and the net proceeds, after deduction of related expenses arising from such sale, will be retained for the benefit of the Company.

## **Share certificates and refund cheques for the Offer Shares**

Subject to the fulfillment of the conditions of the Open Offer, share certificates for all Offer Shares are expected to be posted to the Qualifying Shareholders who have accepted and applied for and paid for the Offer Shares on or before Monday, 14 December 2015 by ordinary post at their own risk. If the Open Offer is terminated, refund cheques are expected to be posted on or before Monday, 14 December 2015 by ordinary post to the applicants at their own risk.

## **Application for listing of the Offer Shares**

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Offer Shares on the Stock Exchange.

Subject to the granting of the listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer 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 Offer Shares on the Stock Exchange or, under contingent situation, such other date as 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.

All necessary arrangements will be made to enable the Offer Shares to be admitted into CCASS.

Dealings in the Offer Shares which are registered on the branch register of members of the Company in Hong Kong will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy, or any other applicable fees and charges in Hong Kong.

### **Reasons for the Open Offer and the use of proceeds**

The Group specialises in wood processing technology. Holding over 90 registered patents, the Group has a leading position in the innovation of wood modification technology. Via advanced wood processing technology, the Group provides one-stop services on home building materials, leisure furniture and tourism facilities to customers in over 35 countries and regions. The customer base of the Group covers large home improvement chains, tourism industry developers, builders and end consumers.

The Company is seeking to conduct the Open Offer to strengthen its capital base and provide sufficient surplus capital to support future development of the existing and future businesses of the Group and as well as to strength its working capital.

The gross proceeds from the Open Offer will be approximately HK\$171.6 million. The net proceeds from the Open Offer after deducting the estimated expenses are estimated to be approximately HK\$170 million. The Company intends to apply net proceeds from the Open Offer as to (i) approximately HK\$119 million for the financing of the acquisition of additional machinery and equipment to enhance the Group's manufacturing automation; (ii) approximately HK\$17 million for research and development activities to enhance the product designs of the Group; and (iii) approximately HK\$34 million for general working capital to strengthen the Company's financial position.

The estimated net price per Offer Share after deducting the related expenses of the Open Offer will be approximately HK\$0.198.

### **Underwriting Agreement**

Date: 30 October 2015

Underwriter: FP Sino-Rich Securities & Futures Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Underwriter and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected persons



Number of Underwritten Shares:	Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to underwrite the Offer Shares not subscribed by the Qualifying Shareholders, being in maximum of 857,945,000 Offer Shares
Underwriting commission:	1% of the aggregate Subscription Price of 857,945,000 Offer Shares
Undertaking of the Company:	The Company shall not from the date of the Underwriting Agreement until after the Latest Time for Acceptance issue any Shares or issue or grant any share options or other securities convertible into, exchangeable for or which carry rights to acquire Shares

The terms of the Underwriting Agreement are agreed after arm's length negotiation between the Company and the Underwriter by reference to the existing financial position of the Group, the size of the Open Offer, the current and expected market condition and prevailing market rate. The Board considers that the terms of the Underwriting Agreement are fair and reasonable so far as the Company and the Shareholders are concerned.

The Underwriter may enter into sub-underwriting arrangement with sub-underwriter(s) or appoint any person to be sub-agent(s) on its behalf for the purpose of arranging for the subscription of the Underwritten Shares with selected subscribers with such authority and rights as the Underwriter has pursuant to its appointment under the Underwriting Agreement.

### **Conditions of the Underwriting Agreement**

The conditions of the Underwriting Agreement have been set out in the section headed "Proposed Open Offer — Conditions of the Open Offer" above.

### **Termination of the Underwriting Agreement**

If prior to the Latest Time for Termination (provided that for the purposes of this clause if the date of the Latest Time for Termination shall be a business day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day, the date of the Latest Time for Termination shall be the next business day on which no tropical cyclone warning signal no. 8 or above or no black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day):

- (1) in the reasonable opinion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:
  - (a) the introduction of any new law or regulation or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Underwriter, would materially and adversely affect the business or the financial or trading position of the Group as a whole or would be materially adverse in the context of the Open Offer; or

- (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof), of a political, military, financial, economic or other nature (whether or not ejusdem generic with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter, would materially and adversely affect the business or the financial or trading position or prospect of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (2) any adverse change in market conditions (including, without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction of trading in securities) occurs which in the reasonable opinion of the Underwriter is likely to materially and adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (3) there is any change in the circumstances of the Company or any member of the Group which in the reasonable opinion of the Underwriter will materially and adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (4) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (5) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or
- (6) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the reasonable opinion of any of the Underwriter, a material omission in the context of the Open Offer; or
- (7) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of the Announcement, the Prospectus Documents or other announcements or circulars in connection with the Open Offer,

the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

In the event that the Underwriter terminates the Underwriting Agreement, all obligations of each of the parties to the Underwriting Agreement shall cease and no party thereto shall have any claim against any other party thereto for costs, damages, compensation or

otherwise in respect of any matter arising out of or in connection with the Underwriting Agreement except for, among others, any antecedent breach of any obligation under the Underwriting Agreement.

## SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structures of the Company (for illustration purpose only) (i) as at the date of this announcement; (ii) immediately after completion of the Open Offer assuming all the Offer Shares are subscribed for by the Qualifying Shareholders; and (iii) immediately after completion of the Open Offer assuming none of the Offer Shares are subscribed for by the Qualifying Shareholders:

	As at the date of this announcement		Immediately after completion of the Open Offer			
			Assuming all the Offer Shares are subscribed for by the Qualifying Shareholders		Assuming none of the Offer Shares are subscribed for by the Qualifying Shareholders	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Green Seas Capital Limited (Note 1 and Note 2)	405,637,412	23.64	608,456,118	23.64	405,637,412	15.76
Wu Zheyuan (Note 2)	11,002,940	0.64	16,504,410	0.64	11,002,940	0.43
Mr. Wang Jingjun	136,300,000	7.94	204,450,000	7.94	136,300,000	5.30
Hong Kong Investments Group Limited (Note 3)	134,700,000	7.85	202,050,000	7.85	134,700,000	5.23
Mr. Wu Qingshan (Note 4)	26,767,828	1.56	40,151,742	1.56	26,767,828	1.04
Ms. Xie Qingmei (Note 5)	9,633,380	0.56	14,450,070	0.56	9,633,380	0.37
Subtotal	<u>724,041,560</u>	<u>42.20</u>	<u>1,086,062,340</u>	<u>42.20</u>	<u>724,041,560</u>	<u>28.13</u>
Public Shareholders	991,848,440	57.80	1,487,772,660	57.80	991,848,440	38.54
Underwriter, sub-underwriter(s) and subscribers procured by any of them (Note 6)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>857,945,000</u>	<u>33.33</u>
	<u>1,715,890,000</u>	<u>100.00</u>	<u>2,573,835,000</u>	<u>100.00</u>	<u>2,573,835,000</u>	<u>100.00</u>

Percentage may not add up to 100 per cent due to rounding.

### Notes:

1. The entire issued share capital of Green Seas Capital Limited is legally and beneficially owned by Mr. Wu Zheyuan, who is deemed to be interested in all the Shares held by Green Seas Capital Limited.
2. Mr. Wu Zheyuan is an executive Director.
3. The entire issued share capital of Hong Kong Investments Group Limited is legally and beneficially owned by Mr. Cheung Chi Mang, who is deemed to be interested in all the Shares held by Hong Kong Investments Group Limited
4. Mr. Wu Qingshan is an executive Director.
5. Ms. Xie Qingmei is an executive Director.

6. In the event of the Underwriter being called upon to subscribe for or procure subscribers of the Underwritten Shares pursuant to the Underwriting Agreement,
- (i) the Underwriter shall subscribe, and shall procure sub-underwriters, subscribers or purchasers to subscribe, for such Underwritten Shares such that immediately after such subscription, neither the Underwriter nor any of such sub-underwriters or subscribers or purchasers (together with its associates and parties acting in concert with it (within the meaning of the Takeovers Code) would be interested in 10% or more of the voting rights of the Company immediately upon completion of the Open Offer;
  - (ii) the Underwriter shall use all reasonable endeavours to ensure that each of the sub-underwriters or subscribers or purchasers of the Underwritten Shares procured by it (i) shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with the Company, any of the Directors, chief executive of the Company or substantial shareholders of the Company or their respective associates (as defined in the Listing Rules); and (ii) shall not, together with any party acting in concert (within the meaning of the Takeovers Code) with it, hold 10% or more of the voting rights of the Company immediately upon completion of the Open Offer; and
  - (iii) the Underwriter shall use all reasonable endeavours to procure that the minimum public float requirement under the Listing Rules be fulfilled by the Company upon completion of the Open Offer.

## **WARNING OF THE RISKS OF DEALING IN SHARES**

**Shareholders and potential investors should note that the Open Offer is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Open Offer may or may not proceed. Shareholders and potential investors should exercise extreme caution when dealings in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.**

**Shareholders should note that the Shares will be dealt in on an ex-entitlement basis commencing from Wednesday, 11 November 2015 and that dealings in the Shares will take place while the conditions to which the Underwriting Agreement is subject to remain unfulfilled. Any Shareholder or other person dealings in the Shares up to the date on which all conditions to which the Open Offer are subject to are fulfilled (which is expected to be at 4:30 p.m. on Tuesday, 8 December 2015), will accordingly bear the risk that the Open Offer cannot become unconditional and may not proceed. Any Shareholder or other person contemplating to sell or purchase any Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.**

## EXPECTED TIMETABLE

The expected timetable for the Open Offer and the Change in Board Lot Size and is set out below:

<b>Event</b>	<b>2015</b>
Last day of dealings in the Shares on a cum-entitlement basis of the Open Offer .....	Tuesday, 10 November
First day of dealings in the Shares on an ex-entitlement basis of the Open Offer.....	Wednesday, 11 November
Latest time for lodging transfers of the Shares in order to qualify for the Open Offer.....	4:30 p.m. on Thursday, 12 November
Register of members closes (both dates inclusive) .....	Friday, 13 November to Wednesday, 18 November
Record Date for the Open Offer.....	Wednesday, 18 November
Despatch of the Prospectus Documents.....	Thursday, 19 November
Latest Time for Acceptance .....	4:00 p.m. on Thursday, 3 December
Latest Time for Termination.....	4:30 p.m. on Tuesday, 8 December
Announcement of the results of the Open Offer.....	Friday, 11 December
Despatch of certificates for the Offer Shares .....	Monday, 14 December
Despatch of refund cheques if the Open Offer is terminated .....	Monday, 14 December
Expected first day of dealings in the Offer Shares .....	Tuesday, 15 December
Effective date of change in board lot size from 2,000 Shares to 10,000 Shares.....	9:00 a.m. on Tuesday, 15 December
Designated brokers starts to stand in the market to provide matching services for sale and purchase of odd lots of Shares .....	9:00 a.m. on Tuesday, 15 December

Designated brokers ceases to stand in the market to  
 provide matching services for sale and  
 purchase of odd lots of Shares ..... 4:00 p.m. on  
 Friday, 8 January

*Note:*

All times and dates in this announcement refer to Hong Kong local times and dates. Shareholders should note that the dates and deadlines specified in this announcement for events in the timetable for (or otherwise in relation to) the Open Offer are indicative only and may be extended or varied by agreement between the Company and the Underwriter.

In the event that any special circumstances arise, the Board may extend, or make adjustment to, the timetable if it considers appropriate. Any extension or adjustment to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

**Effect of bad weather on the Latest Time for Acceptance**

The Latest Time for Acceptance will not take place at 4:00 p.m. on Thursday, 3 December 2015 if there is a tropical cyclone warning signal number 8 or above, or a “black” rainstorm warning, if such circumstances is:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the date of the Latest Time for Acceptance, the Latest Time for Acceptance will not take place at 4:00 p.m. on the date of the Latest Time for Acceptance, but will be extended to 5:00 p.m. on the same day instead;
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the date of the Latest Time for Acceptance, the Latest Time for Acceptance will not take place on the date of the Latest Time for Acceptance, but will be rescheduled to 4:00 p.m. on the following business day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place on the date of the Latest Time for Acceptance, the dates mentioned in the section headed “Expected Timetable” in this announcement may be affected. An announcement will be made by the Company in such event.



## **FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS**

Save as disclosed below, the Company has not conducted any other fund raising activities in the past twelve months immediately preceding the date of this announcement:

<b>Date of announcement</b>	<b>Date of completion</b>	<b>Fund raising activity</b>	<b>Net proceeds</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds</b>
24 July 2015	5 August 2015	Subscription of 272,600,000 Shares under general mandate	Approximately HK\$149.7 million	For capital expenditure to increase production capacity of the Group's products and as general working capital of the Group	To be used as intended

## **PROPOSED CHANGE IN BOARD LOT SIZE**

As at the date of this announcement, the Shares are traded in board lot size of 2,000 Shares. The Board proposes to change the board lot size for trading of the Shares from 2,000 Shares to 10,000 Shares.

### **Reasons for and benefits of the Change in Board Lot Size**

Based on the closing price of HK\$0.285 per Share as at the Last Trading Day, the value of each board lot of 10,000 Shares would be HK\$2,850.

The Change in Board Lot Size are expected to bring about a corresponding upward adjustment in the trading price per board lot of the Shares on the Stock Exchange, which will reduce the overall transaction and handling costs for dealings in the Shares as a proportion of the market value of each board lot. Certain brokerage houses and institutional investors have internal policies and practices that either prohibit them from investing in low-priced shares or tend to discourage individual brokers from recommending low-priced shares to their customers. Therefore, with a higher trading price of the Shares and reduction of the transaction and handling costs as a proportion of the market value of each board lot, the Company believes that the Change in Board Lot Size will make investing in Shares more attractive to a broader range of institutional and professional investors and other members of the investing public. As such, the Board believes that the Change in Board Lot Size may attract more investors and extend the shareholders' base of the Company. In view of the above, the Board considers that the Change in Board Lot Size is in the interests of the Company and the Shareholders as a whole.

## GENERAL

As the proposed Open Offer will not increase the issued share capital or the market capitalisation of the Company by more than 50% within the 12-month period immediately preceding this announcement, and the Open Offer is fully underwritten by the Underwriter who is not a director, chief executive or substantial shareholder of the Company (or an associate of any of them), pursuant to Rules 7.24(5) and 7.26A of the Listing Rules, the Open Offer is not subject to the approval of the Shareholders in general meeting.

The Company will send the Prospectus Documents to the Qualifying Shareholders only. The Prospectus Documents setting out details of the Open Offer will be despatched to the Qualifying Shareholders on the Prospectus Posting Date. Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Open Offer Prospectus (without the Application Forms) will be despatched to the Non-Qualifying Shareholders for their information only.

## DEFINITIONS

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

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“Application Form(s)”	the application form(s) to be issued to the Qualifying Shareholders in respect of their assured entitlements under the Open Offer
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday, Sunday or public holiday or a day on which a typhoon signal no.8 or above or black rainstorm signal is hoisted in Hong Kong between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Change in Board Lot Size”	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 2,000 Shares to 10,000 Shares
“Company”	Merry Garden Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Stock Exchange (stock code: 1237)

“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Last Trading Day”	Friday, 30 October 2015, being the last day on which the Shares were traded on the Stock Exchange immediately preceding the publication of this announcement
“Latest Time for Acceptance”	4:00 p.m. on Thursday, 3 December 2015 or such other time and date as may be agreed between the Company and the Underwriter, being the latest time for application and payment for the Offer Shares as described in the Prospectus
“Latest Time for Termination”	4:30 p.m. on Tuesday, 8 December 2015, being the third Business Day after the Latest Time for Acceptance or such later time or date as may be agreed between the Company and the Underwriter, being the latest time to terminate the Underwriting Agreement
“Listing Committee”	has the meaning ascribed thereto under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Non-Qualifying Shareholder(s)”	Overseas Shareholder(s), to whom the Directors, based on legal opinion(s) provided by the legal adviser(s) to the Company, consider it necessary or expedient not to offer the Open Offer on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Offer Share(s)”	Share(s) to be issued and allotted under the Open Offer, being 857,945,000 Offer Shares proposed to be offered to the Qualifying Shareholders pursuant to the Open Offer on the basis of one (1) Offer Share for every two (2) Shares held on the Record Date

“Open Offer”	the proposed issue of one (1) Offer Share for every two (2) existing Shares in issue and held on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents
“Overseas Shareholders”	Shareholders with registered address (as shown on the register of members of the Company on the Record Date) which are outside Hong Kong
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus to be despatched to the Shareholders on the Prospectus Posting Date in connection with the Open Offer in such form as may be agreed between the Company and the Underwriter
“Prospectus Documents”	the Prospectus and the Application Forms
“Prospectus Posting Date”	Thursday, 19 November 2015 (or such later date as may be agreed between the Underwriter and the Company) for the despatch of the Prospectus Documents to the Qualifying Shareholders or the Prospectus to the Non-Qualifying Shareholders (as the case may be)
“Qualifying Shareholders”	Shareholders whose names appear on the register of members of the Company on the Record Date, other than the Non-Qualifying Shareholders
“Record Date”	Wednesday, 18 November 2015 or such other date as may be agreed between the Company and the Underwriter for determination of the entitlements under the Open Offer
“Registrar”	the branch share registrar of the Company in Hong Kong, being Computershare Hong Kong Investor Services Limited of Shops 1712–1716, 17/F., Hopewell Centre, 183 Queens’s Road East, Wan Chai, Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) currently having a par value of HK\$0.01 each in the share capital of the Company
“Share Option Scheme”	the share option scheme adopted by the Shareholders on 15 June 2012
“Share Options”	the options granted by the Company to subscribe for Shares pursuant to the Share Option Scheme

“Shareholder(s)”	the holder(s) of issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the issue price of HK\$0.2 per Offer Share at which the Offer Shares are proposed to be offered for subscription
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Underwriter”	FP Sino-Rich Securities & Futures Limited, a licensed corporation to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Underwriting Agreement”	the underwriting agreement dated 30 October 2015 and entered into between the Company and the Underwriter in relation to the underwriting arrangement in respect of the Open Offer
“Underwritten Shares”	all the Offer Shares, being 857,945,000 Offer Shares
“%”	per cent.

By order of the Board  
**Merry Garden Holdings Limited**  
**Wang Jingjun**  
*Chairman*

Hong Kong, 30 October 2015

*For the purpose of this announcement, unless otherwise indicated, conversion of Renminbi into Hong Kong dollars is calculated at the approximate exchange rate of RMB1.00 to HK\$1.20. This exchange rate is adopted for the purpose of illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be, exchanged at this rate or any other rates at all.*

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