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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)**

### **DISCLOSEABLE TRANSACTIONS — ACQUISITION OF UNICREED HOLDINGS LIMITED AND RESUMPTION OF TRADING IN SHARES**

On 4 May 2015, Green Oceans (a direct wholly-owned subsidiary of the Company) entered into the Acquisition Agreement with the Vendor and the Company pursuant to which the Vendor agreed to sell, and Green Oceans agreed to purchase 100% shareholding in the Target Company for a consideration of HK\$63,333,000, which shall be satisfied by payment of HK\$13,833,000 in cash by Green Oceans and the allotment and issue of the Consideration Shares by the Company at the Issue Price.

The Target Company is wholly owned by the Vendor as at the date of this announcement. After Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the consolidated financial statements of the Group.

#### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Acquisition would exceed 5% but are less than 25%, the Acquisition therefore constitutes discloseable transactions for the Company under the Listing Rules.

#### **RESUMPTION OF TRADING IN SHARES**

Trading in the Shares on the Stock Exchange was halted at the request of the Company with effect from 9:34 a.m. on 4 May 2015 pending the release of this announcement. Application has been made to the Stock Exchange for resumption of trading in the Shares with effect from 1:00 p.m. on 4 May 2015.

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## **ACQUISITION AGREEMENT**

**Date:** 4 May 2015

**Parties:** (i) the Vendor as the vendor;  
(ii) Green Oceans as the purchasers; and  
(iii) the Company.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, (i) the Vendor is an investment holding company; and (ii) the Vendor and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

### **Consideration**

Pursuant to the Acquisition Agreement, the Vendor agreed to sell, and Green Oceans agreed to purchase 100% shareholding in the Target Company for a consideration of HK\$63,333,000, which shall be satisfied by payment of HK\$13,833,000 in cash by Green Oceans and the allotment and issue of the Consideration Shares by the Company at the Issue Price.

The considerations were arrived at after arm's length negotiation among the parties with reference to the prevailing market value of the assets held by the Target Group and the waiver of the Shareholder's Loan prior to the Completion.

Green Oceans shall pay part of the consideration of HK\$12,000,000 in cash upon the execution of the Acquisition Agreement. Upon Completion, Green Oceans shall pay the balance of HK\$1,833,000 to the Vendor and the Company shall allot and issue the Consideration Shares to the Vendor or its nominees at the Issue Price.

### **Consideration Shares**

The Consideration Shares will be issued at the Issue Price which was determined after arm's length negotiation between the parties with reference to the recent trading prices of the Shares and prevailing stock market sentiment. The Consideration Shares represent (i) approximately 4.84% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 4.62% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares immediately upon Completion (assuming that there is no change in the issued share capital of the Company from the date of this announcement to the date of Completion save for the issue of the Consideration Shares).

The Consideration Shares shall be issued as fully paid and shall rank pari passu in all respects with the Shares then in issue. An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

The Issue Price represents:

- (i) a premium of approximately 1.4% over the closing price of HK\$0.74 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 1.4% over the average closing price per Share of approximately HK\$0.74 as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iii) a premium of approximately 1.4% over the average closing price per Share of approximately HK\$0.74 as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day; and
- (iv) a premium of approximately 29.3% over the audited consolidated net asset value of the Company per Share of approximately HK\$0.58 as at 31 December 2014.

### **Conditions precedent**

Completion shall be conditional upon the fulfilment or waiver of the following conditions:

- (a) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Consideration Shares;
- (b) all other requisite consents, authorisations and approvals (or, as the case may be, the relevant waiver) in connection with the entering into and performance of the terms of the Acquisition Agreement having been obtained by the Vendor and the Target Group;
- (c) all other requisite consents, authorisations and approvals (or, as the case may be, the relevant waiver) in connection with the entering into and performance of the terms of this Agreement having been obtained by Green Oceans and the Company;
- (d) the warranties in the Acquisition Agreement remaining true, accurate and complete in all respects and not misleading in any respect as at Completion;
- (e) Green Oceans being satisfied that there has been no material adverse change as at Completion;
- (f) no breach of obligations and undertakings given by the Vendor under the Acquisition Agreement to be performed before Completion having occurred;
- (g) Green Oceans being satisfied with its due diligence on the Target Group; and
- (h) the Vendor and its ultimate beneficial owners having waived all their respective rights (if any) under the Shareholder's Loan.

Green Oceans may in its absolute discretion waive any conditions precedent (other than the conditions precedents (a) and (c) above). In the event that not all of the conditions precedent are fulfilled or waived by 31 May 2015 (or such other date as the parties may agree in writing), Green Oceans shall not be bound to proceed with the Acquisition.

## Completion

Completion shall take place on the tenth business day following the fulfilment or waiver of the conditions precedent or such other date as the parties may agree in writing.

## CHANGES TO THE SHAREHOLDING IN THE COMPANY AS A RESULT OF COMPLETION OF THE AGREEMENT

The following table sets out the shareholding structure of the Company as at the date of this announcement and immediately after the issue of the Consideration Shares, assuming that there is no change in the issued share capital of the Company from the date of this announcement to the date of Completion save for the issue of the Consideration Shares:

Shareholder	As at the date of this announcement		Immediately after the issue of the Consideration Shares	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
<i>Directors</i>				
Wu Zheyang ( <i>Note</i> )	412,515,200	30.27	412,515,200	28.87
Wu Qingshan	27,502,800	2.02	27,502,800	1.92
Xie Qingmei	9,538,000	0.70	9,538,000	0.67
Vendor or its nominee	0	0.00	66,000,000	4.62
Other public shareholders	<u>913,444,000</u>	<u>67.01</u>	<u>913,444,000</u>	<u>63.92</u>
<b>Total</b>	<b><u>1,363,000,000</u></b>	<b><u>100.00</u></b>	<b><u>1,429,000,000</u></b>	<b><u>100.00</u></b>

*Note:* Wu Zheyang is deemed to be interested in 401,621,200 Shares held by Green Seas Capital Limited, his wholly-owned company and 10,894,000 Shares held by him.

## REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Target Group is principally engaged in the research, production and sale of intelligent home electronic equipment, and is the holder of 14 registered patents in the area of intelligent home electronic equipment.

The Group has been identifying and exploring suitable projects and/or investment with good profit potential for acquisition so as to diversify the Group's business and bring return to the Shareholders. The Directors believe that the Target Group has good growth potential, in addition, with the advanced technologies of the Target Group, effective facilitation will be available for the intellectualisation of the Group's timber house products, constituting a more value adding business to the Group. The Directors further believe that the Acquisition are

beneficial to the Company and its shareholders. Following Completion, the Target Company will become a wholly-owned subsidiary of the Company and the financial information of the Target Group will be consolidated into the accounts of the Group.

The Directors consider the terms of the Acquisition to be fair and reasonable and in the interests of the Company and its shareholders as a whole.

### **INFORMATION ON TARGET GROUP**

The Target Company is an investment holding company. The Target Group is principally engaged in the research, production and sale of intelligent home electronic equipment.

Based on the financial information of the Target Group prepared under the Generally Accepted Accounting Principles in Hong Kong, the profit before and after taxation and extraordinary items of the Target Group is as follows:

	<b>For the year ended</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2013</b>	<b>2014</b>
	<i>(unaudited)</i>	<i>(unaudited)</i>
	<i>RMB'000</i>	<i>RMB'000</i>
(Loss)/profit before taxation and extraordinary items	(1,100)	1,186
(Loss)/profit after taxation and extraordinary items	(1,131)	1,151

The unaudited total and net assets value of the Target Group as at 31 March 2015 was approximately RMB78,302,000 and RMB176,000 respectively.

### **INFORMATION ON THE GROUP**

The principal activities of the Group are research and development, design, production and sale of leisure household products and timber houses and their related parts and structures.

Each of the Company and Green Oceans is an investment holding company.

### **IMPLICATIONS UNDER THE LISTING RULES**

As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Acquisition would exceed 5% but are less than 25%, the Acquisition therefore constitutes discloseable transactions for the Company under the Listing Rules.

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## DEFINITIONS

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

“Acquisition”	the acquisition of the entire shareholding in the Target Company by Green Oceans from the Vendor pursuant to the Acquisition Agreement
“Acquisition Agreement”	the sale and purchase agreement dated 4 May 2015 entered by the Company, Green Oceans and the Vendor in relation to the Acquisition
“Board”	the board of Directors
“Company”	Merry Garden Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Acquisition
“Consideration Shares”	66,000,000 new Shares to be allotted and issued by the Company under the Acquisition Agreement
“Director(s)”	director(s) of the Company
“Green Oceans”	Green Oceans Investment Holdings Limited, a company incorporated under the laws of the BVI with limited liability and a direct wholly owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Price”	an issue price of HK\$0.75 per Consideration Share
“Last Trading Day”	30 April 2015, being the last trading day for the Shares before the date of the Acquisition Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Share”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholder’s Loan”	means the interest-free shareholder’s loan in the sum of approximately RMB34,970,000 granted by the Vendor and/or its ultimate beneficial owners to the Target Group
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Company”	Unicreed Holdings Limited, a company incorporated in Hong Kong which was wholly owned by the Vendor as at the date of this announcement
“Target Group”	the Target Company and its subsidiaries
“Vendor”	World Sheen Group Limited, a company incorporated in the British Virgin Islands
“%”	per cent

By order of the Board  
**Merry Garden Holdings Limited**  
**Wu Zheyang**  
*Chairman*

Hong Kong, 4 May 2015

*As at the date of this announcement, 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 Mr. Lam Hin Chi, Prof. Jin Zhongwei and Prof. Su Wenqiang.*