

THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this prospectus or as to the action to be taken, you should consult your licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Merry Garden Holdings Limited, you should at once hand the Prospectus Documents (as defined herein) to the purchaser, the transferee or to the licensed securities dealer, registered institution in securities, the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

A copy of each of the Prospectus Documents, together with copies of the documents specified in the paragraph headed "Documents delivered to the Registrar of Companies in Hong Kong" in Appendix III to this prospectus, have been registered with the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance. The Registrar of Companies in Hong Kong and the Securities and Futures Commission in Hong Kong take no responsibility as to the contents of any of these documents.

Dealing in the Shares (as defined herein) and the Offer Shares (as defined herein) may be settled through CCASS (as defined herein) and you should consult your stockbroker or other licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser for details of the settlement arrangements and how such arrangements may affect your rights and interests.

Subject to the granting of the listing of, and permission to deal in, the Offer Shares on the Stock Exchange (as defined herein) as well as compliance with the stock admission requirements of HKSCC (as defined herein), 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 the Offer Shares on the Stock Exchange or such other dates 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.

Hong Kong Exchanges and Clearing Limited, the Stock Exchange and HKSCC take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.



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)

**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**

Underwriter of the Open Offer



Terms used in this cover page shall have the same meanings as defined in this Prospectus.

The Latest Time for Acceptance is 4:00 p.m. on Thursday, 10 December 2015. The procedures for acceptance and payment for the Offer Shares are set out on pages 27 to 28 of this prospectus.

The Open Offer is conditional upon all conditions set out in the section headed "Conditions of the Open Offer" in this prospectus, in particular, the Underwriting Agreement having become unconditional and not having been terminated by the Underwriter pursuant to the terms thereof on or before the Latest Time for Termination (see the section headed "Termination of the Underwriting Agreement" herein). Accordingly, the Open Offer may or may not proceed.

Shareholders should note that the Shares have been dealt in on an ex-entitlement basis commencing from Wednesday, 11 November 2015 and that dealings in Shares will continue to take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled. Any Shareholder or other person dealing in Shares up to the date on which all conditions to which the Open Offer is subject are fulfilled (which is expected to be 4:30 p.m. on Tuesday, 15 December 2015), will accordingly bear the risk that the Open Offer cannot become unconditional and may not proceed. Any Shareholders or other persons contemplating selling or purchasing Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.

26 November 2015

CONTENTS

	<i>Page</i>
Definitions	1
Expected timetable	6
Termination of the Underwriting Agreement	8
Letter from the Board	10
Appendix I — Financial information of the Group	I-1
Appendix II — Unaudited pro forma financial information of the Group	II-1
Appendix III — General information	III-1

DEFINITIONS

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

“acting in concert”	has the meaning as ascribed thereto under the Takeovers Code
“Announcement”	the announcement of the Company dated 30 October 2015 in relation to, among other things, the Open Offer
“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
“Companies Ordinance”	the Companies Ordinance, Chapter 622 of the Laws of Hong Kong (as amended from time to time)
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong (as amended from time to time)
“Company”	Merry Garden Holdings Limited, a company incorporated in Cayman Islands with limited liability, the issued Shares of which are listed on the Stock Exchange (stock code: 1237)

DEFINITIONS

“Complying Applications”	valid applications under the Application Forms made in accordance with the terms of the Prospectus Documents together with cheques or cashier’s orders or other remittances for the full amount payable in respect of the Offer Shares being applied for under such Application Forms which are honoured on first or, at the discretion of the Underwriter, subsequent presentation
“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
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Last Trading Day”	30 October 2015, being the last day on which the Shares were traded on the Stock Exchange immediately preceding the publication of the Announcement
“Latest Practicable Date”	20 November 2015, being the latest practicable date prior to the printing of this prospectus for ascertaining certain information contained herein
“Latest Time for Acceptance”	4:00 p.m. on Thursday, 10 December 2015 or such other time and date as may be agreed between the Company and the Underwriter, being the latest time for acceptance of, and payment for, the Offer Shares as described in the Prospectus
“Latest Time for Termination”	4:30 p.m. on Tuesday, 15 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

DEFINITIONS

“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”	this prospectus despatched to the Shareholders in connection with the Open Offer
“Prospectus Documents”	the Prospectus and the Application Forms
“Prospectus Posting Date”	Thursday, 26 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 Queen’s Road East, Wan Chai, Hong Kong

DEFINITIONS

“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as modified and amended from time to time
“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
“Specified Event”	an event occurring or matter arising on or after the date hereof and prior to the Latest Time for Termination which if it had occurred or arisen before the date hereof would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect
“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 Listing Rules
“taken up”	in relation to any Offer Shares, means those Offer Shares in respect of which Complying Applications have been received on or before the Latest Time for Acceptance and references to “ take up ” shall be construed accordingly
“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 future contracts), Type 4 (advising on securities), Type 5 (advising on future contracts) and Type 9 (asset management) regulated activities under the SFO

DEFINITIONS

“Underwriting Agreement”	the underwriting agreement dated 30 October 2015 (as supplemented by the supplemental underwriting agreement dated 17 November 2015) 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.

Note: Certain amounts and percentage figures included in this Prospectus have been subject to rounding adjustments. Accordingly, figures shown as total in certain tables may not be an arithmetic aggregation of the figures preceding them.

the English translations of Chinese names or words in this prospectus, where indicated, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.

EXPECTED TIMETABLE

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

Event	2015
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Latest Time for Acceptance	4:00 p.m. on Thursday, 10 December
Latest Time for Termination	4:30 p.m. on Tuesday, 15 December
Announcement of the results of the Open Offer	Friday, 18 December
Despatch of certificates for the Offer Shares	Monday, 21 December
Despatch of refund cheques if the Open Offer is terminated	Monday, 21 December
Expected first day of dealings in the Offer Shares	9:00 a.m. on Tuesday, 22 December
Effective date of change in board lot size from 2,000 Shares to 10,000 Shares	Tuesday, 22 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, 22 December

2016

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, 15 January
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Note:

All times and dates in this Prospectus refer to Hong Kong local times and dates. Shareholders should note that the dates and deadlines specified in this Prospectus 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.

EXPECTED TIMETABLE

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, 10 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 Thursday, 10 December 2015, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event.

TERMINATION OF THE UNDERWRITING AGREEMENT

If prior to the Latest Time for Termination (provided that for the purposes of the Underwriting Agreement 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

TERMINATION OF THE UNDERWRITING AGREEMENT

- (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, 4:30 p.m. (Hong Kong time) on Tuesday, 15 December 2015 (or such other times as may be agreed between the Underwriter and the Company), to terminate the Underwriting Agreement.

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:

- (1) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or
- (2) any Specified Event comes to the knowledge of the Underwriter.

Any such notice shall be served by the Underwriter prior to the Latest Time for Termination and thereupon the obligation of all parties under the Underwriting Agreement shall terminate and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

LETTER FROM THE BOARD



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

Non-executive Director:

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, KY1-1111
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
Wan Chai
Hong Kong

26 November 2015

*To the Qualifying Shareholders, and for information only
to the Non-Qualifying Shareholders*

Dear Sir or Madam,

**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**

INTRODUCTION

Reference is made to the Announcement and the announcement of the Company dated 17 November 2015 in relation to, among others, the Open Offer.

LETTER FROM THE BOARD

On 30 October 2015, the Company announced that it 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.

As at the Record Date, the Company had 1,715,890,000 Shares in issue. As such, on the basis of one (1) Offer Share for every two (2) existing Shares held on the Record Date, 857,945,000 Offer Shares will be allotted and issued by the Company, which will be underwritten by the Underwriter pursuant to the Underwriting Agreement.

The purpose of this prospectus is to provide you details regarding the Open Offer, including information on dealing in and application for the Offer Shares, financial and other information in respect of the Group.

OPEN OFFER

Issue statistics

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 Record Date:	1,715,890,000 Shares
Number of Offer Shares:	857,945,000 Offer Shares
	The aggregate nominal value of the Offer Shares will be HK\$8,579,450.
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 to be raised before expenses:	approximately HK\$171.6 million

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

LETTER FROM THE BOARD

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 the Listing Rules.

The Offer Shares

857,945,000 Offer Shares will be issued and allotted, representing 50.00% of the issued share capital of the Company as at the Latest Practicable Date 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 the 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;
- (e) a discount of approximately 25.9% to the closing price of HK\$0.27 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (f) 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, (i) the market prices of the Shares for the two months immediately preceding the Latest Practicable Date, which are generally on a downward trend with the closing price of the Shares ranged from the highest closing price of HK\$0.315 recorded on 20 October 2015 to the lowest closing price of HK\$0.250 recorded on 11 November 2015, 12 November 2015 and 13 November 2015 respectively; (ii) the volatility of the trading turnover of the Shares during the two months immediately preceding the Latest Practicable Date, with the trading turnover of the Shares ranged from the highest trading turnover of HK\$33,861,281 recorded on 20 October 2015 to the lowest trading turnover of

LETTER FROM THE BOARD

HK\$516,786 recorded on 16 November 2015; (iii) trading liquidities of the Shares under the prevailing market conditions; and (iv) the financial position of the Group. In view of the uncertainties in the financial market in Hong Kong as a result of the uncertainties stemming from fluctuating market sentiment, capital flow, trend of interest rate, volatility in money supply in different major economies and different economic decisions made by different countries, the Directors consider it will be difficult to attract the Qualifying Shareholders to reinvest in the Company through the Open Offer under the volatile investment environment if the Subscription Price was not set at a relatively deep discount to the historical trading prices of the Shares.

In the course of considering the Open Offer, the Company has approached three securities houses as underwriter, with an objective to obtain the best available terms for the Open Offer. The Company decided to enter into the Underwriting Agreement with the Underwriter due to the most competitive underwriting commission rate offered by the Underwriter. During the negotiation of the Underwriting Agreement, it has been indicated to the Company that a Subscription Price with a relatively deep discount to the closing price is necessary to induce the Underwriter to participate in the underwriting of the Underwritten Shares, which is an essential part of the Open Offer. Based on the foregoing, without deep discount to historical trading price, it will be unlikely for the Group to obtain underwriting services for the Open Offer from the Underwriter.

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 respective pro-rata shareholdings in the Company and participate in the future growth of the Group. For the aforesaid reasons, the Board considers that the terms and conditions of the Open Offer are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

Assured allotment basis

The assured allotment basis shall be one (1) Offer Share for every two (2) existing Shares held by a Qualifying Shareholder on the Record Date.

Given that (a) the estimated funding needs of the Company as set out in the paragraph “Reasons for the Open Offer and the use of proceeds” below; (b) the discount of the Subscription Price; and (c) if a different assured allotment basis is adopted, dilutive effect on the Shares held by the Shareholders who do not participate in the Open Offer may be even higher, the Board considers that the assured allotment basis of the Open Offer is fair and reasonable and in the best 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

LETTER FROM THE BOARD

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 Provisions) Ordinance not later than the Prospectus Posting Date;

- (2) the posting of the Prospectus Documents to 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). Save and except for the condition set out in paragraph (5), 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

LETTER FROM THE BOARD

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.

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.

The Prospectus will not be registered or filed under the securities legislation of any jurisdiction other than Hong Kong. Based on the register of members of the Company as at the Record Date, there was a total of one Overseas Shareholder with registered addresses in the British Virgin Islands. Pursuant to Rule 13.36(2) of the Listing Rules, the Company has made enquiries regarding the legality and the legal opinion from the legal adviser of the Company as to British Virgin Islands laws, and is advised that there is no restriction to extend the Open Offer to those Overseas Shareholders and there were no Non-Qualifying Shareholders for the Open Offer as at the Record Date. Accordingly, the Open Offer will be extended to those Overseas Shareholders and this Prospectus Documents will be sent to those Overseas Shareholders. Save for the aforesaid Overseas Shareholders, all Shareholders on the Company's register of members as at the Record Date have registered addresses in Hong Kong.

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.

LETTER FROM THE BOARD

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, 21 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, 21 December 2015 by ordinary post to the applicants at their own risk.

Application for listing of the Offer Shares

The Company has applied 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 in 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.

LETTER FROM THE BOARD

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. Apart from the expected total investment of approximately RMB80 million (equivalent to approximately HK\$96 million) by the Group in the joint venture company (the “**JV Company**”) to be formed and to be engaged in the development and operation of a timber villas hotel project located at Guanzhai Mountain (a National 4As tourist attraction), Liangzheng County, Fujian Province, the PRC, further details of which are disclosed in the announcement of the Company dated 13 July 2015, as at the Latest Practicable Date, the Company is still in the course of identifying potential investment opportunity.

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 follows:

- (i) as to approximately HK\$119 million for the financing of the acquisition of automated production machinery and equipment (the “**Automated Production Equipment**”), including but not limited to, high speed wood material scanner, fully automatic finger-joint, edge banding and gluing pressing facilities, to enhance the Group’s manufacturing automation. As at the Latest Practicable Date, the Group has entered into certain purchase contracts in relation to acquisition of the first set Automated Production Equipment (the “**First Set Equipment**”) at a consideration of RMB48 million (equivalent to approximately HK\$57.6 million) and is negotiating with a number of suppliers for the acquisition of the second set Automated Production Equipment (the “**Second Set Equipment**”) at a consideration of approximately RMB51 million (equivalent to approximately HK\$61.2 million). It is preliminarily expected that (a) the installation of the First Set Equipment would commence in or about January 2016, and the relevant consideration would be settled in full by the Group upon completion of such installation which would take place in or about June 2016; and (b) the installation of the Second Set Equipment would commence in or about March 2016, and the relevant consideration would be settled in full by the Group upon completion of such installation which would take place in or about September 2016;
- (ii) as to approximately HK\$17 million for research and development activities to enhance the product designs of the Group (the “**R&D Expenses**”), including but not limited to, purchase of additional product testing and wood modification equipment and hiring additional product testing staff; and
- (iii) as to approximately HK\$34 million for general working capital of the Group which would be used primarily on the purchase of raw materials and the payments for operating expenditure of the Group.

LETTER FROM THE BOARD

As at 30 September 2015, the Group had cash and cash equivalents of approximately RMB122.6 million (equivalent to approximately HK\$147.1 million), which is reserved for general working capital of the Group. It is the Group's intention to maintain a strong cash position to safeguard the Group's liquidity.

Based on the Board's latest estimates, the expected funding needs of the Group for working capital items for the twelve (12) month period commencing from the Latest Practical Date are as follow: (i) approximately RMB546 million (equivalent to approximately HK\$655.2 million) for the purchase of raw materials during the ordinary and usual course of business of the Group; (ii) approximately RMB108 million (equivalent to approximately HK\$129.6 million) for the settlement of the selling and administrative expenses and other manufacturing overheads of the Group; and (iii) approximately RMB35 million (equivalent to approximately HK\$17.2 million) for the regular upgrades and maintenance of existing production facilities of the Group. The Group intends to finance the aforementioned funding needs by its current cash and cash equivalents, cash inflows from operating activities of the Group, bank borrowings and part of the proceeds from the open offer.

In additional, the Group also expects the funding needs for capital expenditure for the twelve (12) month period commencing from the Latest Practical Date as follow: (i) approximately RMB40 million (equivalent to approximately HK\$48 million), being part of the total investment of the Group in the JV Company; (ii) approximately RMB99 million (equivalent to approximately HK\$119 million) for the acquisition of the Automated Production Equipment; and (iii) approximately RMB14 million (equivalent to approximately HK\$17 million) for the R&D Expenses. The Group intends to finance the aforementioned funding needs for the acquisition of the Automated Production Equipment and the R&D Expenses by the proceeds from the Open Offer. The Group intends to finance the aforementioned funding needs for financing part of the investment by the Group in the JV Company by its cash and cash equivalent.

In view of the projected funding needs for capital expenditure as mentioned above, the Group considers that it is necessary and is the best interest of the Company and the Shareholders as a whole to conduct the Open Offer to obtain further financial resources.

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

The Board is of the view that the Open Offer will enable the Group to strengthen its capital base and enhance its financial position for future strategic investments when suitable opportunities arise. Despite the inherent dilutive nature of the Open Offer in general if the Qualifying Shareholders did not take up their entitlements under the Open Offer in full, it is the intention of the Company to set the proposed Subscription Price at a discount to the theoretical ex-entitlement price per Share in order to encourage the Shareholders to participate in the Open Offer and reduce the possible dilution of approximately 33.33% to the shareholding of the Shareholders in case they decide not to take up their entitlements under the Open Offer due to an unattractive Subscription Price. Furthermore, the Open Offer will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding in the Company and participate in the growth and development of the Group.

LETTER FROM THE BOARD

Accordingly, the Directors are of the view that fund raising through the Open Offer is in the interests of the Company and the Shareholders as a whole. However, those Qualifying Shareholders who do not take up the Offer Shares to which they are entitled should note that their shareholdings in the Company will be diluted. Please refer to the section “Dilution Effect of the Open Offer” in this Prospectus for the possible dilution impact to the shareholding of the Shareholders in case they decide not to take up their entitlements under the Open Offer.

The Board considers it is prudent to finance the Group’s long term growth by long term financing, preferably in the form of equity which will not increase the Group’s finance costs. The Board has considered other fund raising alternatives before resolving to the Open Offer, including but not limited to debt financing and rights issue. Debt financing will result in additional interest burden, higher gearing ratio of the Group and subject the Group to repayment obligations. In addition, debt financing may not be achievable on favourable terms in a timely manner. The Company has attempted to obtain debt financing from its principal bankers for financing its business expansion. However, each of its principal bankers indicated to the Company that pledge of assets will likely be required in obtaining debt financing and a high discount on the value of pledged assets and a high interest rate will likely apply. In light of the above, the Directors consider that it is not feasible for the Company to obtain the amount of the expected funding needs through debt financing at favourable terms. Although rights issue can provide a way out to those Shareholders who do not wish to take up the entitlements by selling nil-paid rights, rights issue will involve extra administrative work and costs of approximately HK\$200,000 for the printing, posting and processing of excess applications forms as well as making arrangements with the share registrar on the trading of the nil-paid rights. The Company will also incur resources to administer the trading of the nil-paid right including communication between the Company and other parties such as the registrar or financial printer. Since such resources comprise of, among others, time costs of the management and the staffs of the Company and opportunity costs for other business prospects which are intangible in nature, these additional costs and time are difficult to quantify.

In view of the above, the Board considered that raising funds by way of the Open Offer is more cost effective and efficient than debt financing and rights issue and it is fair and reasonable and in the best interests of the Company and the Shareholders as a whole than a rights issue.

LETTER FROM THE BOARD

UNDERWRITING AGREEMENT

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.

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.

As at the Last Trading Day and save as disclosed in this Prospectus, the Underwriter and its close associates do not have any shareholding in any company in the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any company in the Group. In the event that the Underwriter enters into any sub-underwriting arrangement with sub-underwriter(s) in respect of the Offer Shares not taken up by the Qualifying Shareholders, the Underwriter will use all reasonable endeavours to ensure that each of the sub-underwriter(s) (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

LETTER FROM THE BOARD

their respective associates (as defined in the Listing Rules); and (ii) shall not acting in concert (within the meaning of the Takeovers Code) with the Underwriter and any of the sub-underwriter(s).

Conditions of the Underwriting Agreement

The conditions of the Underwriting Agreement have been set out in the section headed “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

LETTER FROM THE BOARD

- (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, 4:30 p.m. (Hong Kong time) on Tuesday, 15 December, 2015 (or such other times as may be agreed between the Underwriter and the Company), to terminate the Underwriting Agreement.

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:

- (1) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or
- (2) any Specified Event comes to the knowledge of the Underwriter.

Any such notice shall be served by the Underwriter prior to the Latest Time for Termination and thereupon the obligation of all parties under the Underwriting Agreement shall terminate and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

LETTER FROM THE BOARD

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structures of the Company (for illustration purpose only) (i) as at the Latest Practicable Date; (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 Latest Practicable Date		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>Approximate</i> No. of Shares	%	<i>Approximate</i> No. of Shares	%	<i>Approximate</i> No. of Shares	%
Green Seas Capital Limited <i>(Note 1 and Note 2)</i>	405,637,412	23.64	608,456,118	23.64	405,637,412	15.76
Mr. Wu Zheyang <i>(Note 2)</i>	11,002,940	0.64	16,504,410	0.64	11,002,940	0.43
Mr. Wang Jingjun <i>(Note 3)</i>	136,300,000	7.94	204,450,000	7.94	136,300,000	5.30
Hong Kong Investments Group Limited <i>(Note 4)</i>	134,700,000	7.85	202,050,000	7.85	134,700,000	5.23
Mr. Wu Qingshan <i>(Note 5)</i>	26,767,828	1.56	40,151,742	1.56	26,767,828	1.04
Ms. Xie Qingmei <i>(Note 6)</i>	<u>9,633,380</u>	<u>0.56</u>	<u>14,450,070</u>	<u>0.56</u>	<u>9,633,380</u>	<u>0.37</u>
Subtotal	724,041,560	42.20	1,086,062,340	42.20	724,041,560	28.13
Public Shareholders	991,848,440	57.80	1,487,772,660	57.80	991,848,440	38.54
Underwriters, sub- underwriter(s) and subscribers procured by any of them <i>(Note 7)</i>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>857,945,000</u>	<u>33.33</u>
	<u><u>1,715,890,000</u></u>	<u><u>100.00</u></u>	<u><u>2,573,835,000</u></u>	<u><u>100.00</u></u>	<u><u>2,573,835,000</u></u>	<u><u>100.00</u></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 Zheyang, who is deemed to be interested in all the Shares held by Green Seas Capital Limited.
2. Mr. Wu Zheyang is an executive Director.
3. Mr. Wang Jingjun is an executive Director.
4. 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.
5. Mr. Wu Qingshan is an executive Director.

LETTER FROM THE BOARD

6. Ms. Xie Qingmei is an executive Director.
7. 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 have been 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, 15 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.

LETTER FROM THE BOARD

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 Latest Practicable Date:

Date of announcement	Date of completion	Fund raising activity	Net proceeds	Intended use of proceeds	Actual use of proceeds
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	(i) approximately HK\$93 million was used for the construction of the third phase production facilities of the Group, including but not limited to the factory structure, fire equipment and electrical structures, which was completed in October 2015. As at the Latest Practicable Date, such production facilities are used as temporary warehouse pending the installation of the Automated Production Equipment; (ii) approximately HK\$28.7 million is to be used for other upgrades to the existing production facilities by the end of year 2015; and (iii) the remaining balance of approximately HK\$28 million is to be used as general working capital of the Group up to March 2016

LETTER FROM THE BOARD

PROPOSED NEW CHANGE IN BOARD LOT SIZE

In view of the Open Offer, 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.

Odd lot matching services

In order to alleviate the difficulties arising from the existence of odd lots of Shares arising from the Change in Board Lot Size, the Company has appointed Computershare Hong Kong Investor Services Limited to provide matching service for sale and purchase of odd lots of Shares at the relevant market price per Share, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Shares to make up a full board lot, or to dispose of their holding of odd lots of the 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 9:00 a.m. on Tuesday, 22 December 2015 to 4:00 p.m. on Friday, 15 January 2016, both days inclusive.

Holders of odd lots of the Shares should note that successful matching of the sale and purchase of odd lots of the 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

TAXATION

Shareholders are advised to consult their professional advisers if they are in any doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the Offer Shares and, regarding Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sales of the Offer Shares on their behalf.

It is emphasised that none of the Company, the Directors nor any other parties involved in the Open Offer accepts responsibility for any tax effects on, or liabilities of, any person resulting from subscribing for, purchasing, holding, disposal of, dealings in or exercising any rights in relation to the Shares or the Offer Shares.

PROCEDURES FOR ACCEPTANCE AND PAYMENT FOR THE OFFER SHARES

The Application Form is enclosed with this prospectus which entitles the Qualifying Shareholders to whom it is addressed to subscribe for the number of Offer Shares as shown therein subject to payment in full by the Latest Time for Acceptance. Qualifying Shareholders should note that they may subscribe for any number of Offer Shares only up to the number set out in the Application Form.

If Qualifying Shareholders wish to exercise their rights to subscribe for all the Offer Shares offered to them as specified in the Application Form or to exercise their rights to subscribe for any number less than their entitlements under the Open Offer, they must complete, sign and lodge the Application Form in accordance with the instructions printed thereon, together with remittance for the full amount payable in respect of such number of Offer Shares they have subscribed for with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited of Shops 1712–1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, by not later than 4:00 p.m. on Thursday, 10 December 2015. All remittance(s) must be made in Hong Kong dollars and cheques must be drawn on an account with, or bankers' cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "**Merry Garden Holdings Ltd — Open Offer Account**" and **crossed "Account Payee Only"**.

It should be noted that unless the duly completed and signed Application Form, together with the appropriate remittance, have been lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited of Shops 1712–1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, by not later than 4:00 p.m. on Thursday, 10 December 2015, the relevant assured allotment of Offer Shares and all rights and entitlements in relation thereto shall be deemed to have been declined and will be cancelled.

The Application Form contains full information regarding the procedures to be followed if you wish to accept the whole or part of your assured entitlement. All cheques or cashier's orders accompanying completed Application Form will be presented for payment upon receipt and all interests earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of an Application Form with a cheque and/or cashier's order, will constitute a warranty by the applicant(s) that the cheque and/or cashier's order will be honoured on first presentation. Any application in respect of which the cheque or cashier's

LETTER FROM THE BOARD

order is dishonoured on first presentation is liable to be rejected, and in that event the assured entitlement and all rights thereunder will be deemed to have been declined and will be cancelled.

If the conditions of the Open Offer are not fulfilled and/or the Underwriting Agreement is terminated in accordance with its terms before the Latest Time for Termination, the monies received in respect of acceptance of Offer Shares will be refunded, without interests, by sending a cheque made out to the applicant (or in the case of joint applicants, to the first named applicant) and crossed “Account Payee Only”, through ordinary post at the risk of the applicant(s) to the address specified in the register of members of the Company on or before Monday, 21 December 2015.

No action has been taken to permit the offering of the Offer Shares or the distribution of the Prospectus Documents in any territory other than Hong Kong. Accordingly, no person receiving this prospectus and/or the Application Form in any territory outside Hong Kong may treat it as an offer or invitation to apply for the Offer Shares, unless in a territory where such an offer or invitation could lawfully be made without compliance with any registration or other legal and regulatory requirements thereof. It is the responsibility of anyone receiving this prospectus and/or Application Form outside Hong Kong wishing to make an application for the Offer Shares to satisfy himself/herself/itself before subscribing for the assured allotted Offer Shares, as to the full observance of the laws and regulations of all relevant jurisdictions, including the obtaining of any governmental or other consents, and to pay any taxes and duties required to be paid in any such jurisdiction in connection therewith. Completion and return of the Application Form by any person outside Hong Kong will constitute a warranty and representation by the relevant applicant(s) to the Company that all registration, legal and regulatory requirements of all relevant territories in connection with the acceptance of the Offer Shares have been duly complied with by such applicant(s). For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited is subject to any of the representations and warranties. If any Shareholders are in any doubt as to their position, they should consult their professional advisers. The Company reserves the right to refuse to accept any application for the Offer Shares where it believes that doing so would violate the applicable securities or other laws or regulations of any jurisdiction. No application for the Offer Shares will be accepted from any person who is an Non-Qualifying Shareholder.

The Company will not allot and accept applications for any fractions of the Offer Shares. The Application Form is for use only by the person(s) name therein and is not transferable. No receipt will be issued in respect of any application monies received.

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 the 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.

LETTER FROM THE BOARD

DILUTION EFFECT OF THE OPEN OFFER

The following table shows the dilution effect on the Share price and Shares in issue after completion of the Open Offer:

Event	Dilution effect on the Share price after the Open Offer	Total number of Shares in issue after the Open Offer	Dilution effect on the Shares in issue after the Open Offer <i>(Note 2)</i>
Open Offer	To be adjusted downwards by approximately 8.3% <i>(Note 1)</i>	2,573,835,000 Shares	33.33% <i>(Note 3)</i>

Notes:

1. The dilution effect on the share price is calculated based on the theoretical ex-entitlement price of approximately HK\$0.243 per Share and the theoretical closing price of HK\$0.265 per Share as quoted on the Stock Exchange on 10 November 2015, being the last day of dealing in Shares on a cum-entitlement basis.
2. The dilution effect is calculated by dividing the increase in number of Shares with the aggregate in issue immediately after the Open Offer.
3. The dilution effect on the Shares only applies to those Shareholders who do not participate in the Open Offer.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this prospectus.

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

1. FINANCIAL INFORMATION

The financial information of the Group for each of the three financial years ended 31 December 2012, 2013 and 2014 were disclosed in the annual reports of the Company for the years ended 31 December 2012 (pages 33 to 95), 2013 (pages 42 to 107) and 2014 (pages 62 to 164). The aforementioned financial information of the Group has been published on both the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.merrygardenholdings.com).

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 30 September 2015, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this Prospectus, the Group had total outstanding borrowings of approximately RMB527.7 million (equivalent to approximately HK\$633.2 million), which comprise of (a) outstanding unsecured debentures of approximately RMB16.7 million (equivalent to approximately HK\$20 million); (b) secured bank borrowings of approximately RMB373 million (equivalent to approximately HK\$447.6 million) which was secured by certain plant and equipment, buildings, lease prepayments and pledged deposits of the Group; and (c) unsecured bank borrowings of approximately RMB138 million (equivalent to approximately HK\$165.6 million).

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables, the Group did not have any outstanding mortgages, charges, debentures or other loan capital, bank drafts, loans, debt securities or other similar indebtedness, foreign exchange liabilities, liabilities under acceptance or acceptances credits, finance lease, or hire purchase commitments guarantees or other material contingent liabilities at the close of business on 30 September 2015.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the present available resources and the estimated net proceeds from the Open Offer, the Group has sufficient working capital for its normal business for at least the next twelve months from the date of this prospectus in the absence of unforeseeable circumstances.

4. MATERIAL ADVERSE CHANGE

The Directors are of the opinion that, after due and careful enquiry and taking into account the present financial resources and the banking facilities presently available and in the absence of unforeseen circumstances, they are not aware of any material adverse change in the financial position or trading position of the Group since 31 December 2014, being the date to which the latest published audited consolidated financial statements of the Company was made up.

5. FINANCIAL AND TRADING PROSPECT OF THE GROUP

Benefited from the vigorous development of the Chinese tourism industry and urbanization, and the continuous growth in the property market and the economy of the United States of America, sales of the Group's leisure household products in China and the timber houses structures products in the North America has been driven up. During the six months ended 30 June 2015, the Group's turnover from the Chinese and North American markets has grown by 21.8% and 10.2% to RMB158.9 million and RMB152.4 million respectively.

The Group's self-owned "Merry Garden" brand retail business has shown significant improvement, and has recorded a turn from loss to profit. The business of renewable energy products has also shown outstanding performance, and has recorded a turnover of RMB14.6 million and a profit of RMB5.8 million for the six months ended 30 June 2015. These revealed the well establishment of the Group's self-owned "Merry Garden" brand and the impeccable strategy for the Group in developing renewable energy products.

On 9 April 2015, the Company entered into a letter of intent with one of the Group's major customers in the North America in relation to the establishment of a joint venture company. The establishment of the joint venture company is in good progress and is expected to be in operation before 2016. The establishment of the joint venture company will enable the Group to capture additional market share on home decoration material products globally.

The Group has been identifying and exploring suitable projects with good profit potential for acquisition so as to diversify the Group's business and bring return to the shareholders. On 4 May 2015, the Group acquired Unicreed Holdings Limited ("**Unicreed**"), which is 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. With the advanced technologies of the Unicreed, effective facilitation will be available for the intellectualisation of the Group's timber house products, constituting a more value adding business to the Group.

In order to capture the opportunities arisen from the growing tourism market in the PRC, on 8 July 2015, the Group has entered into an agreement with two independent third parties in relation to the formation of a joint venture company in the PRC which will engage in the development and operation of a timber villas hotel project located at Guanzhai Mountain, Liangcheng County, Fujian Province, the PRC. The Group is confident that through direct involvement in the development of tourism project, the Group will be able to capture the market driven by the flourishing development of the Chinese tourism.

Accompanied by the tremendous growth of the domestic tourism industry, the stable growth of economy and property market of the US and the increasing demand from the new markets over the Asiapacific region on the Group's products, a continuous trend of growth at a faster pace will be expected for the Group.

The third phase production facilities of the Group is over 50% completed, and is expected to commence production in the second half of the year. The Group will be of sufficient capacity to cater the demand from both the domestic and overseas customers.

The developments during the six months ended 30 June 2015 has provided a solid foundation for the Group's further growth in the coming years.

1. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP ATTRIBUTABLE TO OWNERS OF THE COMPANY

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company (the “**Unaudited Pro Forma Financial Information**”) has been prepared by the Directors in accordance with Rule 4.29 of the Listing Rules to illustrate the effect of the Open Offer on the unaudited consolidated net tangible assets of the Group as if the Open Offer had taken place on 30 June 2015.

The Unaudited Pro Forma Financial Information is prepared based on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2015, as extracted from the published unaudited interim financial report of the Company for the six months ended 30 June 2015, and is adjusted for the effect of the Open Offer.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purpose only and, because of its hypothetical nature, it may not reflect a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company immediately after completion of the Open Offer.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET
TANGIBLE ASSETS OF THE GROUP

	Unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2015 ^(1,2) RMB'000	Estimated net proceeds from the Open Offer ⁽³⁾ RMB'000	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company after completion of the Open Offer RMB'000	Unaudited consolidated net tangible assets per Share of the Group attributable to owners of the Company as at 30 June 2015 ⁽⁴⁾ RMB	Unaudited pro forma adjusted consolidated net tangible assets per Share of the Group attributable to owners of the Company after completion of the Open Offer ⁽⁵⁾ RMB
Based on 857,945,000 Offer Shares at the subscription price of HK\$0.2 per Offer Share	886,769	137,097	1,023,866	0.52	0.40

Notes:

1. The unaudited consolidated net tangible assets of the Group attributable to the Company's owners as at 30 June 2015 is extracted from the published unaudited interim financial report of the Group for the period ended 30 June 2015.
2. The unaudited consolidated net tangible assets of the Group is equal to unaudited consolidated net assets deducted Goodwill.
3. The estimated net proceeds from the Offer Shares are based on 857,945,000 Offer Shares to be issued (in the proportion of one (1) Offer Shares for every two (2) Shares held as at the Record Date) at the subscription price of HK\$0.2 per Offer Share, after deduction of the related expenses of approximately HK\$1,618,000.
4. The unaudited consolidated net tangible assets per Share attributable to owners of the Company as at 30 June 2015 was approximately RMB0.52, which was based on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2015 of RMB886,769,000 and 1,715,890,000 Shares in issue as at the Latest Practicable Date.
5. The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at after aggregating the unaudited consolidated net tangible assets of the Group of RMB886,769,000 as at 30 June 2015 and the estimated net proceeds of RMB137,097,000 from the Open Offer and on the basis that 1,715,890,000 Shares were in issue as at the Latest Practicable Date and 857,945,000 Offer Shares were issued under the Open Offer as if the Open Offer had been completed on the Latest Practicable Date.
6. Other than those mentioned above, no adjustments have been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2015.

2. ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA INFORMATION OF THE GROUP

The following is the text of a report received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, in respect of the Group's pro forma financial information for the purpose in this prospectus.



8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

26 November 2015

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF MERRY GARDEN HOLDINGS LIMITED

We have completed our assurance engagement to report on the compilation of pro forma financial information of Merry Garden Holdings Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets as at 30 June 2015 and related notes as set out in Part 1 of Appendix II to the prospectus dated 26 November 2015 (the "**Prospectus**") issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in Part 1 of Appendix II to the Prospectus.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed open offer on the basis of one offer share for every two existing shares held on the record date at an offer price of HK\$0.2 per offer share (the "**Open Offer**") on the Group's financial position as at 30 June 2015 as if the Open Offer had taken place at 30 June 2015. As part of this process, information about the Group's financial position as at 30 June 2015 has been extracted by the Directors from the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2015, on which no audit or review report has been published.

Directors' Responsibilities for the Pro Forma Financial Information

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements (“**HKSAE**”) 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules, and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on the unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions at 30 June 2015 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We make no comments regarding the reasonableness of the amount of net proceeds from the issuance of the Company's shares, the application of those net proceeds, or whether such use will actually take place as described in the paragraph headed "Reasons for the Open Offer and the use of proceeds" as set out in the "Letter from the Board" in the Prospectus.

Opinion

In our opinion:

- (a) the pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group, and
- (c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

KPMG*Certified Public Accountants*

Hong Kong

1. RESPONSIBILITY STATEMENT

This prospectus, 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 the prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

2. SHARE CAPITAL

- (A) The authorised and issued share capital of the Company as at the Latest Practicable Date are as follows:

<i>Authorised:</i>	<i>HK\$</i>
<u>10,000,000,000</u> Shares at HK\$0.01 each	<u>100,000,000.00</u>
<i>Issued and fully paid or credited as fully paid:</i>	
<u>1,715,890,000</u> Shares at HK\$0.01 each	<u>17,158,900.00</u>

- (B) Immediately after completion of the Open Offer:

<i>Authorised:</i>	<i>HK\$</i>
<u>10,000,000,000</u> Shares at HK\$0.01 each	<u>100,000,000.00</u>
<i>Issued and fully paid or credited as fully paid:</i>	
1,715,890,000 Shares at HK\$0.01 each	17,158,900.00
<u>857,945,000</u> Offer Shares	<u>8,579,450.00</u>
<u>2,573,835,000</u> Shares in total	<u>25,738,350.00</u>

All the Offer Shares when allotted, issued and fully paid, will rank *pari passu* in all respects with each other, including, in particular, as to dividends and voting rights.

As at the Latest Practicable Date, the Company has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or the Offer Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, there were no arrangement under which future dividends will be waived or agreed to be waived.

3. DISCLOSURE OF INTERESTS

(a) Directors' and chief executive's interests in the Company

As at Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) (i) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by the Directors of Listed Issuers of the Listing Rules were as follows:

Aggregate long positions in the Shares or underlying Shares

Name of Directors	Capacity of interests	Number of Shares in interest	Approximate percentage of interest in Shares
Mr. Wu Zheyang	Interest in controlled corporation (<i>Note</i>)	405,637,412	23.64%
	Beneficial owner	11,002,940	0.64%
Mr. Wang Jingjun	Beneficial owner	136,300,000	7.94%
Mr. Wu Qingshan	Beneficial owner	26,767,828	1.56%
Ms. Xie Qingmei	Beneficial owner	9,633,380	0.56%

Note: The entire issued share capital of Green Seas Capital Limited is legally and beneficially owned by Mr. Wu Zheyang, an executive Director who is deemed to be interested in all the Shares held by Green Seas Capital Limited.

Save as disclosed above, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the

Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by the Directors of Listed Issuers of the Listing Rules.

(b) Substantial shareholders and other persons' interests in Shares and underlying Shares

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of SFO, and so far as is known to the Directors or chief executive of the Company, the following persons (other than a Director or a chief executive of the Company) had, or was deemed or taken to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital, including options in respect of such capital, carrying voting rights to vote in all circumstances at general meeting of any other member of the Group:

Aggregate long positions in the Shares or underlying Shares

Name of Shareholders	Nature of interests	Number of Shares in interest	Approximate percentage of interest in Shares
Green Seas Capital Limited (<i>Note 1</i>)	Beneficial owner	405,637,412	23.64%
Hong Kong Investments Group Limited (<i>Note 2</i>)	Beneficial owner	134,700,000	7.85%
Mr. Cheung Chi Mang (<i>Note 2</i>)	Interest in controlled corporation	134,700,000	7.85%

Note 1: The entire issued share capital of Green Seas Capital Limited is legally and beneficially owned by Mr. Wu Zheyang, an executive Director who is deemed to be interested in all the shares held by Green Seas Capital Limited.

Note 2: 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.

Save as disclosed in the preceding paragraph and so far as is known to the Directors or chief executive of the Company, there is no person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV

of the SFO, or, was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital, including options in respect of such capital, carrying rights to vote in all circumstances at general meeting of any other member of the Group.

4. DIRECTORS' CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

5. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS OF THE COMPANY

As at the Latest Practicable Date, none of the Directors has or had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to member of the Group since 31 December 2014, being the date to which the latest published audited accounts of the Group were made up.

None of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or substantial shareholders of the Company or any of their respective associates (as defined in the Listing Rules) had any interest in a business which competes or may compete with the business of the Group nor does any of them has or may have any other conflicts of interest with the Group.

7. CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. Wang Jingjun

Mr. Wu Zheyang

Mr. Wu Qingshan

Ms. Xie Qingmei

Non-executive Director

Mr. Wu Dongping

Independent non-executive Directors

Mr. Lam Hin Chi

Prof. Jin Zhongwei

Prof. Su Wenqiang

Audit Committee

Mr. Lam Hin Chi (*Chairman*)

Prof. Su Wenqiang

Prof. Jin Zhongwei

	<p><i>Remuneration Committee</i> Prof. Jin Zhongwei (<i>Chairman</i>) Prof. Su Wenqiang Mr. Lam Hin Chi</p> <p><i>Nomination Committee</i> Prof. Jin Zhongwei (<i>Chairman</i>) Prof. Su Wenqiang Mr. Lam Hin Chi</p>
Registered office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Head office in the PRC	Fushan Industrial District Zhangping, Fujian, the PRC
Principle place of business in Hong Kong	Room 2702 China Resources Building 26 Harbour Road Wan Chai Hong Kong
Company secretary	Mr. Wong Wai Lun, <i>CPA</i> Mr. Yu Hok Sum Neville
Authorised representatives	Mr. Yu Hok Sum Neville Mr. Wu Zheyang
Auditor	KPMG
Principal share registrar and transfer office	Codan Trust Company (Cayman) Limited Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Hong Kong branch share registrar and transfer office	Computershare Hong Kong Investor Services Limited Shops 1712–1716, 17th Floor Hopewell Centre 183 Queen’s Road East Wan Chai Hong Kong
Principal bankers	Agricultural Bank of China, Zhangping Branch China Construction Bank, Zhangping Branch Bank of China, Zhangping Branch

8. PARTIES INVOLVED IN THE OPEN OFFER

The Company	Merry Garden Holdings Limited Room 2702 China Resources Building 26 Harbour Road Wan Chai Hong Kong
Underwriter	FP Sino-Rich Securities Futures Limited Unit 02B, 37/F. Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong
Legal advisers to the Company	<i>As to Hong Kong Law</i> Michael Li Co. 19/F., Prosperity Tower 39 Queen's Road Central Central Hong Kong <i>As to Cayman Islands Law</i> Conyers Dill & Pearman Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Reporting accountants	KPMG <i>Certified Public Accountants</i> 8th Floor Prince's Building 10 Charter Road Central Hong Kong
Hong Kong branch share registrar and transfer office	Computershare Hong Kong Investor Services Limited Shops 1712–1716, 17th Floor Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong

9. AUDIT COMMITTEE

The Company established the audit committee of the Company on 15 June 2012 with written terms of reference in compliance with Rules 3.21 to 3.23 of the Listing Rules and paragraph C.3.3 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules. The primary duties of the audit committee of the Company are mainly to make recommendation to the Board on the appointment and removal of external auditor; review the financial statements and material advice in respect of financial reporting; and oversee internal control procedures of the Company.

As at the Latest Practicable Date, the audit committee of the Company has three members comprising Mr. Lam Hin Chi, Prof. Su Wenqiang and Prof. Jin Zhongwei, of whom Mr. Lam Hin Chi, who has the appropriate professional qualification, has been appointed as the chairman of the audit committee of the Company.

10. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claim of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against any member of the Group.

11. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group within two years immediately preceding the Latest Practicable Date:

- (i) the conditional placing and subscription agreement dated 18 June 2014 and entered into between the Company and Guotai Junan Securities (Hong Kong) Limited in relation to the placing of up to 200,000,000 new Shares at the placing price of HK\$0.8 per placing Share, completion of which took place on 23 June 2014, and subscription of up to 200,000,000 new Shares at the subscription price of HK\$0.8 per subscription Share, completion of which took place on 26 June 2014;
- (ii) the conditional placing and subscription agreement dated 23 September 2014 and entered into between the Company and Guotai Junan Securities (Hong Kong) Limited in relation to the placing of up to 165,000,000 new Shares at the placing price of HK\$0.93 per placing Share, completion of which took place on 26 September 2014, and subscription of up to 165,000,000 new Shares at the subscription price of HK\$0.93 per subscription Share, completion of which took place on 7 October 2014;
- (iii) the construction contract dated 29 December 2014 and entered into between 廈門城健建設有限公司 (transliterated as Xiamen Chengjian Construction Company Limited[#]), a company established in the PRC, and Fujian Zhangping Kimura Forestry Products Co., Ltd.[#] (福建省漳平木村林產有限公司) (“**Zhangping Kimura**”), an indirect wholly-owned subsidiary of the Company, in relation to the foundation construction and the water and electricity network laying for, and the construction of the production plants and other ancillary facilities to be built on 福建

省漳平市和平鎮和平村、和春村 (transliterated as the Heping Village and Hechun Village, Heping County, Zhangping City, Fujian[#]) in the PRC at an aggregate consideration of RMB152.0 million;

- (iv) the sale and purchase agreement dated 4 May 2015 and entered into between the Company, Green Oceans Investment Holdings Limited, being a direct wholly-owned subsidiary of the Company, and World Sheen Group Limited in relation to the acquisition of the entire shareholding in Unicreed Holdings Limited for an aggregate consideration of HK63,333,000;
- (v) the agreement dated 8 July 2015 and entered into among King Wood (Hong Kong) Holding Limited, HK Ebin Co., Limited and Liangcheng County Zhailong Tourism Investment and Operations Co., Ltd in relation to the formation of the JV company in the PRC to be engaged in the development and operation of a timber villas hotel project located at Guanzhai Mountain (a National 4As tourist attraction), Liangcheng County, Fujian Province, the PRC. The total investment on such project is expected to be approximately RMB200,000,000 and the Group will be mainly responsible for the construction works;
- (vi) the conditional subscription agreement dated 24 July 2015 and entered into between the Company, as the issuer, and not less than six subscribers, as the subscribers, in relation to the subscription of 272,600,000 Shares at the subscription price of HK\$0.55 per subscription Shares, completion of which took place on 5 August 2015;
- (vii) the supplemental termination agreement dated 28 September 2015 and entered into between Zhangping Kimura and 漳平市美麗家園房地產開發有限公司 (transliterated as Zhangping Merry Garden Property Development Company Limited[#]) (“**Zhangping Merry Garden Property**”) and in relation to the termination of acquisition contemplated under the sale and purchase agreement for the sale and purchase of zone A1 occupying a gross floor area of approximately 2,300 square metres, and zone B1 occupying a gross floor area of approximately 3,000 square metres, both of which are situated at No. 996, Dong Huan Road, Jing Cheng Street, Zhangping City, Fujian province (福建省漳平市菁城街道東環路996號) and the corresponding land use rights and entered into between Fujian Zhangping Kimura Forestry Products Co., Ltd. (福建省漳平木村林產有限公司) and Zhangping Merry Garden Property on 22 July 2013; and
- (viii) the Underwriting Agreement.

12. PARTICULARS OF DIRECTORS

Executive Director

Mr. Wang Jingjun (“**Mr. Wang**”), aged 44, was appointed as an executive Director in August 2015. He has over 20 years of experience in corporate management. He founded a number of integrated enterprises in Hong Kong and Shenzhen, the People’s

Republic of China (the “**PRC**”) which focused on international trade, with trading partners covering the PRC, Taiwan, Australia and the Philippines. Mr. Wang has accumulated rich industry experience in international trade and financial investments.

Mr. Wu Zheyang (“**Mr. Wu**”), aged 35, was appointed as the executive Director, chairman and chief executive officer of the Company. Mr. Wu was appointed as a Director on 17 October 2011. He joined Fujian Zhangping Kimura Forestry Products Co. Ltd (“**Zhangping Kimura**”) as a workshop director since 1997 and obtained knowledge and experiences in the timber products industry including the production process, research and development works and the invention process of new timber products. Mr. Wu became the general manager in May 2000 and the director and legal representative of Zhangping Kimura in January 2006.

Mr. Wu graduated from Sichuan University in June 2009 with a Diploma in business administration (Distance education). Mr. Wu is the visiting professor of Central South University of Forestry and Technology and Fujian Agriculture and Forestry University. Mr. Wu is a son of Mr. Wu Dongping and a nephew of Mr. QS Wu.

Mr. Wu Qingshan (“**Mr. QS Wu**”), aged 46, was appointed as a Director on 15 June 2012. Mr. QS Wu is currently in charge of marketing and production management for the Group. Mr. QS Wu has over 24 years of experience in timber products enterprise management. Before joining the Group, Mr. QS Wu served as a deputy director of Zhangping Textile Machinery Factory (漳平市紡織器材廠) 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. QS Wu has been a director and a deputy general manager of Zhangping Kimura.

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

Ms. Xie Qingmei (“**Ms. Xie**”), aged 47, was appointed as a Director on 15 June 2012. Ms. Xie is primarily responsible for procurement matters in respect of the Group. She has over 12 years of experience in corporate management and procurement. Ms. Xie joined the Group in 1999, and she has been a deputy general manager of Zhangping Kimura since 2001 and a director of Zhangping Kimura since 2006. Ms. Xie was in charge of the sales department of Zhangping Kimura as well as supervising procurement from June 1999 to December 2000, and has been running the procurement department of Zhangping Kimura since 2003.

Non-executive Director

Mr. Wu Dongping (“**Mr. Wu Dongping**”), aged 60, was appointed as a non-executive Director since 15 June 2012 and was also the founder of the Group. Mr. Wu Dongping was the chief engineer of Zhangping Kimura from February 2006 to November 2010. Before the founding of the Group, Mr. Wu Dongping was the chairman and the general manager of Zhangping Kimura from December 1995 to January 2006 and the director of Zhangping Textile Machinery Factory in Fujian (福建省漳平市紡織器材廠) from December 1992 to November 1995, respectively. Mr. Wu Dongping has been a member of the Technical Committee of Structural Use of Wood under the National

Committee of Standardisation Technology of Timber (全國木材標準化技術委員會結構用木材分技術委員會). He was elected as a member of The 4th Preservation Committee of Wood Industry Institute, Chinese Society of Wood Industry (中國林學會木材工業分會木材研究所保護研究會第四屆委員會) in April 2007 and was elected to the position of vice president of the China Wood Preservation Industry Association (中國木材保護工業協會) in October 2011. Mr. Wu Dongping has over 20 years of experience in the fields of wood processing, preservation and timber structures. Mr. Wu Dongping has participated in, on behalf of our Group, the drafting of two PRC national and forestry industry standards, and has been involved in the reviewing of PRC national and forestry industry standards.

Mr. Wu Dongping is the father of Mr. Wu and the brother-in-law of Mr. QS Wu.

Independent non-executive Director

Mr. Lam Hin Chi (“**Mr. Lam**”), aged 50, was appointed as an independent non-executive Director of the Company 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.

Professor Jin Zhongwei (“**Professor Jin**”), aged 77, was appointed as an independent non-executive Director of the Company since 15 June 2012. He is an expert in wood preservation with over 37 years of experience in wood preservation. Professor Jin graduated from Nanjing Forestry College in 1961 and majored in forestry products chemical processing. He studied wood preservation and modification technologies in the United States as a government appointed scholar from 1981 to 1983, and was a visiting scholar at Oregon State University and Mississippi State University from 1994 to 1995 respectively.

Professor Su Wenqiang (“**Professor Su**”), aged 59, was appointed as an independent non-executive Director of the Company since 15 June 2012. Professor Su has more than 30 years of experience in the research of forestry and timber products. Professor Su was awarded as Model Member of the Communist Party (優秀共產黨員) from 2006 to 2007, and was appointed as various positions in timber industry, e.g., council member of Standing Committee of the Heilongjiang Province Chemistry Society (黑龍江省化工學會理事會) (in December 2004), committee member of Wood Science Institute of the Chinese Society of Forestry (中國林學會木材科學分會) (in April 2010), member of Board of Experts of Standardisation Committee of China Timber and Wood Products Distribution Association Wood Preservation Committee (中國木材與木製品流通協會木材防腐專業委員會專家指導委員會) (in December 2009), member of Board of

Experts Committee of Standardisation Committee of China Wood Preservation Industry Association (中國木材保護工業協會專家委員會) (in October 2011), committee member of the Wood Preservation Research Committee of the Wood Science Institute of the Chinese Society of Forestry (中國林學會木材科學分會木材保護研究會委員會) (in April 2007) and editor of editorial committee of Biomass Chemical Engineering published by Institute of Chemical Industry of Forest Products (中國林業科學研究院林產化學工業研究所《生物質化學工程》) (in December 2010). Professor Su graduated from Northeast Forestry University in July 1982, major in professional chemical processing of forestry products (林產化學加工工程專業), and obtained a Doctorate Degree in December 2008.

Senior management

Mr. Yu Hok Sum Neville (“**Mr. Yu**”), aged 32, is the joint company secretary, group financial controller and authorized representative of the Company. Mr. Yu has over 9 years of experience in finance, accounting and auditing. Prior to joining the Company, Mr. Yu had worked for one of the big four international accounting firms and an international valuation consultancy company. Mr. Yu holds a Master of Corporate Governance degree from The Hong Kong Polytechnic University. He is a member of Hong Kong Institute of Certified Public Accountants, an associate member of the Hong Kong Institute of Company Secretaries and the Institute of Chartered Secretaries and Administrators.

Mr. Wong Wai Lun (“**Mr. Wong**”), aged 32, is the joint company secretary of the Company. Mr. Wong holds a Bachelor Degree of Commerce from the University of Queensland. He is a member of the Hong Kong Institute of Certified Public Accountants and has over eight years of experience in the field of accounting and auditing services.

13. MISCELLANEOUS

- (i) The company secretaries of the Company are Mr. Yu Hok Sum Neville and Mr. Wong Wai Lun respectively. Mr. Yu is a member of the Association of Chartered Certified Accountants and a certified public accountant of the Hong Kong Institute of Certified Public Accountants, an associate member of the Hong Kong Institute of Company Secretaries and the Institute of Chartered Secretaries and Administrators. Mr. Wong is a member of the Hong Kong Institute of Certified Public Accountants and a certified public accountant of the Hong Kong Institute of Certified Public Accountants.
- (ii) The business address of all Directors is Room 2702, China Resources Building, 26 Harbour Road, Wan Chai, Hong Kong.
- (iii) The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The head office of the Company is located at Fushan Industrial District, Zhangping, Fujian, the PRC. The principal place of business of the Company in Hong Kong is located at Room 2702, China Resources Building, 26 Harbour Road, Wan Chai, Hong Kong. The principal

share registrar and transfer office of the Company is at Codan Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

- (iv) The Hong Kong branch share registrar and transfer office of the Company are Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong.
- (v) As at the Latest Practicable Date, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (vi) The English text of this Prospectus and the Application Form shall prevail over their respective Chinese texts.

14. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion or advice contained in this prospectus:

Name	Qualification
KPMG	Certified Public Accountants

KPMG has given and not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and references to its name in the form and context in which it appear.

KPMG does not have any shareholding in any company in the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any company in the Group.

KPMG does not have or had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2014, being the date to which the latest published audited accounts of the Group were made up.

15. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

A copy of this prospectus, together with a copy of the Application Form and the written consent referred to in the paragraphs headed “Expert and Consent” in this appendix have been delivered to the Registrar of Companies in Hong Kong for registration as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

16. LEGAL EFFECT

The Prospectus Documents and all acceptance of any offer or application contained therein are governed by and shall be construed in accordance with the laws of Hong Kong. The Prospectus Documents shall have the effect, if an application is made pursuant hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

17. EXPENSES

The expenses in connection with the Open Offer, including financial advisory fees, underwriting commission, printing, registration, translation, legal and accountancy charges and other related expenses, are estimated to amount to approximately HK\$1.6 million and are payable by the Company.

18. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business of the Company at Room 2702, China Resources Building, 26 Harbour Road, Wan Chai, Hong Kong during normal business hours on any weekday other than public holidays from the date of this prospectus, up to and including the Latest Time for Acceptance:

- (i) the memorandum and articles of association of the Company;
- (ii) the material contracts referred to in the paragraph headed “Material Contracts” in this appendix;
- (iii) the annual reports of the Company for each of the two financial years ended 31 December 2013 and 2014;
- (iv) the accountants’ report on the unaudited pro forma financial information of the Group, the text of which is set out in Appendix II to this prospectus;
- (v) the service contracts as referred to in the paragraph headed “Directors’ Contracts” in this appendix;
- (vi) the written consent of the expert referred to in the section headed “Expert and Consent” in this appendix; and
- (vii) the Prospectus Documents.