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**MANWAH**

**MAN WAH HOLDINGS LIMITED**

**敏華控股有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 01999)**

**PROPOSED ISSUE OF  
HK\$850,000,000 CONVERTIBLE BONDS DUE 2018**

On 17 April 2013, the Company, CDH and Huaxia entered into the Subscription Agreement, pursuant to which CDH and Huaxia have severally but not jointly and conditionally agreed to subscribe for the Tranche I Bonds (in the principal amount of HK\$700,000,000) and Tranche II Bonds (in the principal amount of HK\$150,000,000) respectively.

The initial Conversion Price (subject to adjustment) is HK\$8.25 per Share, representing (i) a premium of approximately 14.58% over the closing price of the Shares as quoted on the Stock Exchange on 16 April 2013, (ii) a premium of approximately 17.76% to the five-day average closing price of the Shares over the five trading days up to and including 16 April 2013, and (iii) a premium of approximately 17.39% to the ten-day average closing price of the Shares over the ten trading days up to and including 16 April 2013.

Assuming full conversion of the Convertible Bonds at the initial Conversion Price of HK\$8.25, the Convertible Bonds will be convertible into approximately 103,030,302 Shares in aggregate, representing approximately 11.56% of the total issued share capital of the Company as at the date of this announcement and approximately 10.36% of the total issued share capital of the Company as enlarged by the issue of such Conversion Shares. Such Conversion Shares will be allotted and issued by the Company pursuant to the general mandate granted at the annual general meeting held on 19 July 2012.

The estimated net proceeds of the issue of the Convertible Bonds, after deduction of expenses, are approximately HK\$849,500,000. The net proceeds are all intended to be used by the Company for general corporate and business development and working capital requirements.

**Completion of the Subscription Agreement is subject to fulfilment, or waiver, of certain conditions. In addition, the Subscription Agreement may be terminated under certain circumstances. Please refer to the section headed “SUBSCRIPTION AGREEMENT” below for further information.**

**As the Subscription Agreement may or may not be completed, Shareholders and prospective investors are reminded to exercise caution when dealing in the Shares.**

## **SUBSCRIPTION AGREEMENT**

Date: 17 April 2013

Parties:

1. The Company, as issuer
2. CDH
3. HUAXIA

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, none of the Subscribers nor their ultimate beneficial owners is a connected person of the Company or a third party connected with any of the connected persons (as defined in the Listing Rules) of the Company.

Subject to fulfilment, or waiver, of the conditions precedent set out below, each of CDH and Huaxia severally but not jointly agreed to subscribe for (or procure the subscription of) the Tranche I Bonds (in the principal amount of HK\$700,000,000) and the Tranche II Bonds (in the principal amount of HK\$150,000,000) respectively.

### **Pre-closing Undertakings**

Prior to the Tranche I Closing, the Company has, among other things, undertaken that save as required or contemplated by the Subscription Agreement, the business of the Group Companies shall be operated on its normal and usual basis, and the Group Companies shall not do or omit to do (or allow to be done or to be omitted to be done) any act or thing which would constitute a breach of the warranties or would lead to a breach thereof in any respect or otherwise material to the Group Companies.

### **Conditions Precedent**

Completion of subscription of the Tranche I Bonds under the Subscription Agreement is conditional upon, among other things:

- (i) the representations and warranties made by the Company in the Subscription Agreement shall be true and correct and complete when made, and shall be true, correct and complete in all respects and not misleading in any material respect as of the date of the Tranche I Closing with the same force and effect as if they had been made on and as of such date;

- (ii) the Company shall have performed and complied with, in all respects, all agreements, obligations and conditions contained in the Subscription Agreement that are required to be performed or complied with by it on or before the Tranche I Closing Date and shall have obtained all approvals, consents and qualifications specified in the Subscription Agreement necessary to complete the transactions contemplated thereby at the Tranche I Closing Date;
- (iii) the applicable Board approval having been obtained, and the Subscribers shall have received certified or other copies of such Board approval;
- (iv) on or prior to the Tranche I Closing Date, the Company shall have delivered to the Subscribers a counterpart of the Subscription Agreement and, to CDH only, each of the other Transaction Documents in respect of the Tranche I Closing to which it is a party, duly executed by the Company;
- (v) the Company shall have obtained, on or before the Tranche I Closing Date any and all approvals, consents and waivers necessary for consummation of the transactions contemplated by the Subscription Agreement and the other Transaction Documents, including, but not limited to (i) the approval from the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares which fall to be issued upon conversion of the Convertible Bonds; (ii) the approval from the Shareholders at its general meeting held on 19 July 2012 for the grant of a general mandate to allot and issue Shares not having been revoked as at the date of the Subscription Agreement; and (iii) all other necessary permits, consents and waivers of any governmental authority, regulatory body, or other third parties, if applicable;
- (vi) subject to the relevant person having provided his written consent to so act, the necessary information to enable the Company to comply with its announcement obligations under the Listing Rules and the undertaking from such person required under the Listing Rules, evidence that the person nominated by CDH pursuant to the Subscription Agreement shall have been duly elected and appointed to the Board as a non-executive Director;
- (vii) there shall have been no material adverse effect after the date of the Subscription Agreement and on or before the Tranche I Closing Date;
- (viii) the warranties made by the Subscribers in the Subscription Agreement shall be true and correct and complete when made, and shall be true, correct and complete in all respects and not misleading in any material respect as of the date of the Tranche I Closing with the same force and effect as if they had been made on and as of such date; and
- (ix) CDH shall (i) have performed and complied with in all material respects all agreements, obligations and conditions contained in the Subscription Agreement that are required to be performed or complied with by it on or before the Tranche I Closing Date and shall have obtained all approvals, consents and qualifications specified in the Subscription Agreement as necessary to complete the transactions contemplated in the Subscription Agreement at the Tranche I Closing Date; (ii) the applicable CDH board approval having been obtained, and the Company shall have received certified or other copies of such board approval; and (iii) on or prior to the Tranche I Closing Date, CDH shall have delivered to the Company a counterpart of the Subscription Agreement and such other Transaction Documents to which it is a party, duly executed by CDH and all other parties thereto (except for the Company).

Save for the conditions set forth in (iii), (iv) and (v) above, the relevant party to whom a condition is in favour of may waive compliance in whole or in part of such condition.

The Company and Huaxia agreed that after completion of the issue of the Tranche I Bonds to CDH, Huaxia's obligations to complete the subscription for the Tranche II Bonds become unconditional and shall not be subject to any right of termination save where, prior to the Tranche II Closing Date, CDH has declared an event of default under the Tranche I Bonds or exercised its rights to early redeem under the Tranche I Bonds. Should the Tranche I Bonds not be subscribed for on or before the Tranche I Closing Date, neither the Company nor Huaxia are obliged to proceed with the issue or subscription of the Tranche II Bonds.

If the completion of the issue of the Tranche I Bonds does not take place, the Subscription Agreement shall terminate in respect of all parties and the issue of the Tranche II Bonds will not proceed.

If the issue of the Tranche I Bonds proceeds to completion but completion of the issue of the Tranche II Bonds to Huaxia does not take place on or before 28 June 2013, the Company shall have the right to terminate the Subscription Agreement or, at its election (without the Company being obligated to do so), the Company may offer the Tranche II Bonds to CDH. Should CDH accept the offer to subscribe for the Tranche II Bonds, the Company and CDH shall complete the issue and subscription of the Tranche II Bonds as soon as possible no later than 15 Business Days from the time CDH accepts the offer. If CDH did not accept such offer and the Company may terminate the Subscription Agreement or offer the Tranche II Bonds to Huaxia again. If Huaxia accepts the offer, the Company and Huaxia shall complete the issue and subscription of the Tranche II Bonds as soon as possible no later than 31 July 2013 (or such date as may be agreed by the Company with Huaxia). If Huaxia did not accept the offer, then the Company may terminate the Subscription Agreement as between the Company and Huaxia.

## **Termination**

The Subscription Agreement may be terminated by any of the parties on or after 31 May 2013 by written notice to the other parties, if the Tranche I Closing has not occurred on or prior to such date.

## **Nomination of Director**

So long as a CDH Entity remains the registered holder of not less than HK\$100,000,000 of the Convertible Bonds, CDH may nominate one person to be appointed as a non-executive Director. As at the date of this announcement, CDH has proposed to appoint Mr. Fang Xie, one of its directors, to the Board with effect from the Tranche I Closing Date subject to compliance of the relevant provisions of the Listing Rules. The Company will make a further announcement on the appointment of such non-executive Director in compliance with the Listing Rules.

**Completion of the Subscription Agreement is subject to fulfilment, or waiver, of the conditions set out above. In addition, the Subscription Agreement may be terminated under the circumstances set out above. As the Subscription Agreement may or may not be completed, Shareholders and prospective investors are reminded to exercise caution when dealing in the Shares.**

## INITIAL CONVERSION PRICE AND CONVERSION SHARES

The initial Conversion Price (subject to adjustment), being HK\$8.25 per Share, represents:

- (i) a premium of approximately 14.58% over the closing price of the Shares as quoted on the Stock Exchange on 16 April 2013, being HK\$7.20 per Share;
- (ii) a premium of approximately 17.76% to the five-day average closing price of the Shares over the five trading days up to and including 16 April 2013; and
- (iii) a premium of approximately 17.39% to the ten-day average closing price of the Shares over the ten trading days up to and including 16 April 2013.

The initial Conversion Price was determined after arms' length negotiations between the parties with reference to the prevailing market price of the Shares. The net price of each Conversion Share to the Company, based on the estimated net proceeds of approximately HK\$849,500,000 and 103,030,302 Conversion Shares in aggregate under the Tranche I Bonds and the Tranche II Bonds, is expected to be approximately HK\$8.25.

Assuming full conversion of the Convertible Bonds at the initial Conversion Price of HK\$8.25, the Convertible Bonds will be convertible into approximately 103,030,302 Shares, representing approximately 11.56% of the total issued share capital of the Company as at the date of this announcement and approximately 10.36% of the total issued share capital of the Company as enlarged by the issue of such 103,030,302 Shares.

The Tranche I Bonds will be convertible into approximately 84,848,484 Shares, representing

- (i) approximately 9.52% of the total issued share capital of the Company as at the date of this announcement;
- (ii) approximately 8.69% of the total issued share capital of the Company as enlarged by the issue of such Conversion Shares under the Tranche I Bonds; and
- (iii) approximately 8.54% of the total issued share capital of the Company as enlarged by the issue of 103,030,302 Shares, being the aggregate number of Conversion Shares under both the Tranche I Bonds and the Tranche II Bonds.

The Tranche II Bonds will be convertible into approximately 18,181,818 Shares, representing

- (i) approximately 2.04% of the total issued share capital of the Company as at the date of this announcement; and
- (ii) approximately 1.83% of the total issued share capital of the Company as enlarged by the issue of 103,030,302 Shares, being the aggregate number of Conversion Shares under both the Tranche I Bonds and the Tranche II Bonds.

The Conversion Shares will be allotted and issued by the Company pursuant to the general mandate granted at the annual general meeting held on 19 July 2012 pursuant to which the Directors have the power to allot, issue or otherwise deal with up to 180,078,880 Shares. As at the date of this announcement, no Shares have been allotted and issued by the Directors pursuant to such general mandate.

## **PRINCIPAL TERMS AND CONDITIONS OF THE CONVERTIBLE BONDS**

The principal terms of the Convertible Bonds are summarised as follows:

### **Issuer**

The Company will be the issuer of the Convertible Bonds.

### **Principal Amount**

The aggregate principal amount of the Convertible Bonds will be HK\$850,000,000, comprising the Tranche I Bonds with principal amount of HK\$700,000,000 and the Tranche II Bonds with principal amount of HK\$150,000,000.

### **Subscription Price**

100% of the principal amount of the Convertible Bonds.

### **Interest**

5% per annum calculated by reference to the outstanding principal amount thereof and payable in HK dollars semi-annually in arrears.

Each Convertible Bond will cease to bear interest (i) where the conversion right attached to the Convertible Bonds have been exercised by the holder of the Convertible Bonds, from and including the relevant date when the holder of the Convertible Bonds is registered as a Shareholder in the register of members of the Company in respect of the Convertible Bonds as converted; (ii) where such Convertible Bond is redeemed, from the due date for redemption or repayment thereof; or (iii) such period where the relevant holder of the Convertible Bonds is in breach of certain terms and conditions of the Convertible Bonds.

If CDH or Huaxia (or its nominee) transfers their respective Convertible Bonds to persons other than their respective affiliates, their respective Convertible Bonds shall cease to accrue interest.

### **Additional Interest**

The Company will be obliged to pay additional interest in the event the Company declares a dividend to its Shareholders, and such dividend receivable by the holders of the Convertible Bonds (on an as converted basis) would have been more than the interest receivable under the Convertible Bonds, and that such dividend payment is in excess of 50% when such dividend is divided by the profit attributable to the owners of the Company for the financial year in respect of which such dividend is declared. Under such circumstances, the Company shall elect either (i) to pay the additional interest being the difference between the interest it would have been liable to pay the holders of the Convertible Bonds had the holders of the Convertible Bonds converted and received the dividend, less the interest payable in respect of the outstanding Convertible Bonds, or (ii) to adjust downwards the Conversion Price of the Convertible Bonds based on applicable adjustment formula.



## **Default Interest**

If the Company fails to pay any sum in respect of the Convertible Bonds when the same becomes due and payable under the terms and conditions of the Convertible Bonds, interest shall accrue on the overdue sum at the aggregate of 5% plus the default rate of 15% p.a. from the due date and ending on the date on which full payment is made to the holder of the Convertible Bonds.

If the Company defaults in the payment of principal on its due date, or to deliver Shares upon conversion of the Convertible Bonds, the holders of the Convertible Bonds may declare an event of default and require the Company to early redeem the outstanding Convertible Bonds at such early redemption amount representing an internal rate of return of 15% p.a.. The Company may not be liable for such early redemption amount where (amongst other things) the holders of the Convertible Bonds confirms within 3 months of such default that it will not declare an event of default, and the Company has remedied the default and paid the holders of the Convertible Bonds the relevant payments that were due (including 15% default interest).

## **Conversion Right**

### ***(a) Optional Conversion Right***

Subject to certain restrictions as set out in the Bond Instrument, holders of the Convertible Bonds have the right to convert all or part of the Convertible Bonds (if in part, the principal amount of Convertible Bonds to be converted shall be in the minimum amount of HK\$15,000,000 or the whole outstanding principal amount of the Convertible Bonds) into Shares at any time during the relevant conversion period at the then prevailing Conversion Price.

#### ***(i) Conversion Price***

The Convertible Bonds will be convertible into Shares at an initial Conversion Price of HK\$8.25 per Share. The Conversion Price will be subject to (amongst other things): (a) customary anti-dilution adjustment for, among other things, consolidation, subdivision or reclassification of Shares, capitalisation of profits or reserves, capital distributions, rights issues of shares or options over shares, rights issues of other securities and other dilutive events; and (b) adjustment in lieu of payment of additional interest referred to in the paragraph headed "Additional Interest" above.

#### ***(ii) Conversion Period***

The Convertible Bonds may be converted into Shares at any time on or after Issue Date up to the close of business on the Maturity Date, or if notice requiring redemption has been given on or after the Issue Date, then up to the close of business on the day prior to the giving of such notice.

If: (i) the Company defaults in making payment in full in respect of any Convertible Bond which shall have been called or put for redemption on the date fixed for redemption thereof; (ii) any Convertible Bond has become due and payable prior to the Maturity Date by reason of the occurrence of any of the events of default; or (iii) any Convertible Bond is not redeemed on the Maturity Date or such applicable date for redemption, the conversion right attaching to such Convertible Bond will revive and/or will continue to be exercisable up to, and including, the close of business on the date upon which the full amount of the moneys payable in respect of such Convertible Bond has been duly received by the holder of the Convertible Bond.

If CDH or Huaxia (or its nominee) transfers their respective Convertible Bonds to persons other than their respective affiliates, the conversion rights of their respective Convertible Bonds (together with certain other rights) shall cease accordingly.

**(b) Mandatory Conversion**

Unless previously redeemed or purchased and cancelled, the Company may at any time on or after the Issue Date up to the close of business on the Maturity Date require a portion of the Convertible Bonds to be converted into Shares upon the occurrence of a corresponding trigger event as indicated below:

**Principal Amount of Convertible Bonds to be converted into Shares**

**Conversion Trigger Event**

Principal amount of Convertible Bonds held by the relevant holder of the Convertible Bonds such that, immediately after the conversion, such holder has converted or redeemed not less than 18 per cent of the principal amount of the Convertible Bonds subscribed by it on the Issue Date (or if such Convertible Bonds have been transferred to it, the principal amount of the Convertible Bonds subscribed by the initial holder of the Convertible Bonds on the Issue Date)

when the arithmetic average of the volume weighted average price for one Share for 60 consecutive trading days is not less than HK\$10.35 and the closing price of one Share on the date falling at the end of the aforesaid 60-day period is not less than HK\$10.35

Principal amount of Convertible Bonds held by the relevant holder of the Convertible Bonds such that, immediately after the conversion, such holder has converted or redeemed not less than 64 per cent of the principal amount of the Convertible Bonds subscribed by it on the Issue Date (or if such Convertible Bonds have been transferred to it, the principal amount of the Convertible Bonds subscribed by the initial holder of the Convertible Bonds on the Issue Date)

when the arithmetic average of the volume weighted average price for one Share for 60 consecutive trading days is not less than HK\$12.45 and the closing price of one Share on the date falling at the end of the aforesaid 60-day period is not less than HK\$12.45

Principal amount of Convertible Bonds held by the relevant holder of the Convertible Bonds such that, immediately after the conversion, it has converted or redeemed all the Convertible Bonds held by it

when the arithmetic average of the volume weighted average price for one Share for 60 consecutive trading days is not less than HK\$14.45 and the closing price of one Share on the date falling at the end of the aforesaid 60-day period is not less than HK\$14.45 (the “**Last Conversion Trigger Event**”)

Mandatory conversion shall only take place if: (i) with respect to the Last Conversion Trigger Event, the Company has paid all interest accrued on the Convertible Bonds and all other accrued and unpaid interest and other amounts outstanding under the Convertible Bonds on the redemption date; and (ii) no event of default under the terms and conditions of the Convertible Bonds has occurred.



## **Status of the Convertible Bonds**

The Convertible Bonds constitute direct, unsubordinated, unconditional and unsecured obligations of the Company and shall at all times rank *pari passu* and without any preference or priority among themselves.

The payment obligations of the Company under the Convertible Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable laws, at all times rank at least equally with all of the Company's other present and future unsecured and unsubordinated obligations.

## **Ranking of Conversion Shares**

The Conversion Shares will rank *pari passu* in all respects with the Shares then in issue on the relevant date of registration of holders of such Shares on the register of members of the Company.

## **Application for Listing of the Conversion Shares**

Application will be made by the Company for the listing of, and permission to deal in, the Conversion Shares falling to be issued upon exercise of conversion rights attaching to the Convertible Bonds, up to the maximum number of Shares which may be issued under the general mandate granted on 19 July 2012, being 180,078,880 Shares.

## **Transfer**

The Convertible Bonds may not be transferred in part and the consent of the Company is required for a transfer of the Convertible Bonds in whole unless the transfer is made to a CDH Entity or Huaxia Entity (as the case may be).

## **Maturity**

Unless previously redeemed, converted, purchased and cancelled, the Company will redeem each Convertible Bond at its principal amount together with accrued and unpaid interest thereon on the Maturity Date.

## **Redemption Right**

When the Shares cease to be listed or admitted to trading on the Stock Exchange, or when there is a Change of Control (together, the “**Early Redemption Events**”), the holder of each Convertible Bond will have the right, at such holder's option, to require, by giving notice to the Company, the Company to redeem in whole but not in part of that holder's Convertible Bonds at the principal amount together with interest accrued to the date falling three (3) months from the date of the redemption notice.

## **Further Undertakings**

The Company undertakes and warrants, inter alia, that so long as there are any Convertible Bonds outstanding, save with the prior written consent of the holders of the Convertible Bonds, it shall (and, where applicable, shall procure that its Subsidiaries shall) amongst others:

- (a) maintain a listing of all the issued Shares (including the Conversion Shares) on the Stock Exchange;

- (b) not in any way modify the rights attaching to the Shares with respect to voting, dividends or liquidation nor issue any other class of ordinary share carrying any rights which are more favourable than the rights attaching to the Shares;
- (c) reserve, free from any pre-emptive or other similar rights, out of its authorised but unissued ordinary share capital, the full number of Shares liable to be issued on conversion of the Convertible Bonds from time to time remain outstanding and will ensure that all Shares will be duly and validly issued as fully-paid; and
- (d) not make any offer, issue or distribution or take any action the effect of which would be to reduce the Conversion Price below the par value of the Shares of the Company.

### **Terms Specific to Huaxia**

In respect of Huaxia specifically and assuming Huaxia proceeded to complete the subscription of the Tranche II Bonds, it is agreed that until all of the Tranche I Bonds are fully redeemed or converted in accordance with its terms, Huaxia shall not be entitled to:

- (i) declare an event of default and accelerate redemption of the Tranche II Bonds accordingly; and
- (ii) early redeem the Convertible Bonds which would have resulted from any of the early redemption events occurring as referred to in the paragraph headed “Redemption Right” above,

unless CDH exercises the same rights pursuant to the Tranche I Bonds.

From the date when all Tranche I Bonds are fully redeemed or converted in accordance with its terms, and for so long as a Huaxia Entity holding at least 35% or more of the principal amount of the Tranche II Bonds (that is, HK\$52,500,000 or more), such Huaxia Entity shall be entitled to exercise its rights to declare an event of default and accelerate the redemption of the Tranche II Bonds referred to in (i) and (ii) above. Such right shall cease when the principal amount of Convertible Bonds held by Huaxia reduces below 35% (that is, becoming less than HK\$52,500,000).

### **REASONS FOR AND BENEFITS OF THE ISSUE OF THE CONVERTIBLE BONDS**

The Directors consider that issue of the Convertible Bonds represents an opportunity to broaden the capital base of the Company and to raise capital for the development of the core sofas business as well as working capital to fund other business opportunities should the occasion arises. The investment by two established institutional investors in the unsecured unsubordinated convertible bond of the Company reflects the confidence of the investors in the Company. The Company can also benefit from the extensive business networks of the Subscribers. The Directors (including the independent non-executive Directors) considered (1) the terms of the Convertible Bonds and the initial Conversion Price (which represents a 14.58% premium to the closing price of the Shares as quoted on the Stock Exchange on 16 April 2013; and (2) the strengthening of the Company’s image, reputation and investor relationship by introducing two strategic investors, are fair and reasonable and are in the interests of the shareholders of the Company. The proposed issue of the Convertible Bonds is not subject to Shareholders’ approval.

### **USE OF PROCEEDS**

The estimated net proceeds of the issue of the Convertible Bonds, after deduction of commission and expenses, are approximately HK\$849,500,000. The net proceeds are all intended to be used by the Company for general corporate and business development and working capital requirements.

## FUND-RAISING ACTIVITIES IN THE PAST 12 MONTHS

At the annual general meeting of the Company held on 19 July 2012, a general mandate was granted to the Directors to allot, issue and deal with the Shares not exceeding 20% of the issued share capital of the Company at the date of the passing of the resolution. As at the date of this announcement, no Shares have been allotted and issued by the Directors pursuant to such general mandate.

Apart from the issue of the Convertible Bonds, the Company has not raised any fund by issuing of equity securities during the 12 months immediately preceding the date of this announcement.

## EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The table below summarises the shareholding structure of the Company (i) as at the date of this announcement; and (ii) assuming full conversion of the Convertible Bonds at the initial Conversion Price:

Name of Shareholder	As at the date of this announcement*		Immediately after the full conversion of the Convertible Bonds at the initial Conversion Price	
	No. of Shares	Approximate % of the issued share capital of the Company	No. of Shares	Approximate % of the enlarged share capital of the Company
Man Wah Investment Limited**	607,240,400	68.15%	607,240,400	61.09%
<b>Directors</b>				
Stephen Allen Barr	1,746,400	0.20%	1,746,400	0.18%
Wang Guisheng	30,000***	0.00%	30,000	0.00%
Dai Quanfa	10,000***	0.00%	10,000	0.00%
<b>Public</b>				
Public	282,003,200	31.65%	282,003,200	28.36%#
<b>Subscribers</b>				
CDH	—	—	84,848,484	8.54%
Huaxia (or its nominee)	—	—	18,181,818	1.83%
<b>Total</b>	<b>891,030,000</b>	<b>100%</b>	<b>994,060,302</b>	<b>100%</b>

\* As at the date of this announcement, the total issued share capital of the Company is 891,030,000 Shares.

\*\* Man Wah Investment Limited is a company owned as to 80% by Mr. Wong Man Li and 20% by Ms. Hui Wai Hing (both are executive directors of the Company).

\*\*\* The Shares are granted pursuant to the Company's share award scheme and will only vest if Mr. Wang Guisheng and Mr. Dai Quanfa remain an employee of the Company on the third anniversary of the date of grant, i.e. 15 June 2011 for Mr. Wang Guisheng, and 11 February 2011 for Mr. Dai Quanfa.

# The percentage figure is rounded down from 28.37% to 28.36% so that the total percentage of the enlarged share capital of the Company is 100%.

## INFORMATION ABOUT THE COMPANY AND THE SUBSCRIBERS

The Company is an investment holding company, its subsidiaries are mainly engaged in production and sales and distribution of sofa and bedding products.

CDH is a special purpose vehicle managed under the brand of CDH Investments. CDH Investments represents an international alternative asset fund manager focusing on investments in private equity, venture capital, real estate, mezzanine and public equity markets with over US\$8 billion of assets under management. CDH has extensive experience with public and private investments in variety of industries and operates offices in Hong Kong, Beijing, Shanghai, Singapore, Shenzhen, Jakarta and Ho Chi Minh City.

Huaxia is an alternative investment platform managed by China Asset Management (Hong Kong) Limited (華夏基金(香港)有限公司). China Asset Management (Hong Kong) Limited (華夏基金(香港)有限公司) is an investment management company licensed by the Hong Kong Securities and Futures Commission to engage in Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities.

**Completion of the Subscription Agreement is subject to fulfilment, or waiver, of the conditions set out above. In addition, the Subscription Agreement may be terminated under certain circumstances. Please refer to the section headed “SUBSCRIPTION AGREEMENT” above for further information.**

**As the Subscription Agreement may or may not be completed, shareholders of the Company and prospective investors are reminded to exercise caution when dealing in the Shares.**

## DEFINITIONS

In this announcement the following words have the following meanings unless the context requires otherwise:

“Affiliate”	with respect to any specified person (i) any other person that directly or indirectly controls, or is controlled by, or is under common control with, such specified person; and (ii) without limiting the generality of the foregoing, includes any limited or general partner, venture capital, investment vehicle or investment fund or member of such person and any now or hereafter existing that is controlled by or under common control with such specified person;
“Board”	the board of Directors;
“Bond Certificate”	a bond certificate in respect of the registered holding of the Convertible Bonds issued pursuant to the terms of the relevant Bond Instruments representing the Convertible Bonds;
“Bond Instrument(s)”	the instrument(s) to be executed by way of deed poll by the Company constituting the Convertible Bonds;
“Business Day”	means a day other than a Saturday or Sunday on which commercial banks are open for business in Hong Kong;

“CDH”	CDH W-Tech Limited, an investment company incorporated in the British Virgin Islands with limited liability and managed by CDH Fund IV, L.P.;
“CDH Entity”	CDH Fund IV, L.P. or any of its Affiliates;
“Change of Control”	means either (a) Mr. Wong Man Li and/or his family members are no longer the largest shareholder of the Company or, directly or indirectly, ceases to maintain at least 30% shareholding interest in the Company; or (b) the Company sells all or substantially all of its assets to another person (save for circumstances stipulated in the Bond Instrument);
“Company”	Man Wah Holdings Limited (敏華控股有限公司), a company incorporated in Bermuda with limited liability whose share are listed on the Stock Exchange;
“Conversion Price”	the price per Share at which the Convertible Bonds may be converted into Shares;
“Control”	of a person means (i) in relation to a corporate person, the direct or indirect ownership of more than 50% (in the case of Huaxia and its parent only, 50% or more) of the outstanding shares or other ownership interests having voting power to elect a majority of the directors or the equivalent of such person; or (ii) in relation to a non-corporate person: (a) direct or indirect ownership or right to exercise a majority of the voting rights or a comparable voting interest of such person; (b) the ability to direct or cause the direction of the management and policies of such person (whether by contract or howsoever arising);
“Convertible Bonds”	the Tranche I Bonds and the Tranche II Bonds;
“Conversion Shares”	Shares that are issued or issuable upon conversion of the Convertible Bonds in accordance with the terms and conditions thereof;
“Directors”	directors of the Company;
“Distribution”	any dividend or distribution, whether of cash or assets in specie or other property by the Company for any financial period, and whenever paid or made and however described or declared after the Issue Date, (and for these purposes a distribution of assets in specie includes without limitation an issue of shares or other securities credited as fully or partly paid);
“Group Companies” or “Group”	collectively, the Company, and any direct and indirect subsidiary of the Company, including the Subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;

“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Huaxia”	ChinaAMC Capital Management Limited, a company incorporated in Cayman Islands with limited liability;
“Huaxia Entity”	means China Asset Management (Hong Kong) Limited or any of its Affiliates;
“Issue Date”	the date of issue of the Convertible Bonds;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Maturity Date”	5 years from the date of issue of the Tranche I Bonds;
“Shares”	ordinary shares of par value HK\$0.40 each in the share capital of the Company;
“Shareholders”	shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscribers”	CDH and Huaxia (or its nominee);
“Subscription Agreement”	the conditional subscription agreement entered into between the Company and the Subscribers on 17 April 2013 pursuant to which the Subscribers have agreed to subscribe and pay for the Convertible Bonds;
“Subsidiary”	shall have the meanings ascribed in Rule 1.01 of the Listing Rules;
“Tranche I Bonds”	means the convertible bonds due 2018 in an aggregate principal amount of HK\$700,000,000, constituted by an instrument and issued with the benefit of, and subject to, the terms and conditions set out therein;
“Tranche I Closing”	subject to the fulfilment of the conditions of the Subscription Agreement, the closing of the subscription and issue of the Tranche I Bonds;
“Tranche I Closing Date”	on or about 10 May 2013 or such other date as agreed between the Company and CDH;
“Tranche II Bonds”	the convertible bonds due 2018 in an aggregate principal amount of HK\$150,000,000, constituted by an instrument and issued with the benefit of, and subject to, the terms and conditions set out therein;



“Tranche II Closing Date”	subject to the Tranche I Closing having taken place such date as agreed between the Company and Huaxia and in the event that no such date is agreed, 28 June 2013 or, if Huaxia fail to subscribe for the Tranche II Bonds, such date for subscription by CDH of the Tranche II Bonds as contemplated in the Subscription Agreement;
“Transaction Documents”	the Bond Instrument, the Bond Certificates and any other documents and agreements the execution of which is contemplated under the Subscription Agreement; and
“US\$”	the lawful currency of the United States of America.

By order of the Board  
**Man Wah Holdings Limited**  
**Wong Man Li**  
*Chairman*

Hong Kong, 17 April 2013

*As at the date of this announcement, the executive Directors are Mr. Wong Man Li, Ms. Hui Wai Hing, Mr. Stephen Allen Barr, Mr. Wang Guisheng, Mr. Alan Marnie and Mr. Dai Quanfa; the independent non-executive Directors are Mr. Chau Shing Yim, David, Mr. Lee Teck Leng, Robson and Mr. Ong Chor Wei.*