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## **MERRY GARDEN HOLDINGS LIMITED**

### **美麗家園控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 1237)**

## **BUSINESS UPDATE — COMMENCEMENT OF PRODUCTION OF THE NEW BIOMASS ENERGY BUSINESS**

### **INTRODUCTION**

This is a voluntary announcement made by the board (the “Board”) of directors (the “Directors”) of Merry Garden Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) in relation to the update of business development of the Group.

### **COMMENCEMENT OF PRODUCTION OF THE NEW BIOMASS ENERGY BUSINESS**

The Board is pleased to announce that the Group’s new biomass energy production facilities have commenced its production on 20 March 2014. These production facilities recycle the residue materials generated from our existing production facilities during the production process and convert them into biomass pellet fuel.

Biomass pellet fuel is a new environmental friendly energy. With reference to the Group's current annual production capacity, it is expected that the new biomass energy production facilities will have an annual production capacity of 40,000 tons. To the best knowledge of the Directors, the domestic price of similar biomass pellet fuel products in the People's Republic of China (the "PRC") is approximately RMB1,000 per ton and the PRC government is also providing corporate tax incentives to enterprises which implemented measures on resources utilisation. The Board believes that this business will improve the Group's utilisation rate on residues produced in our production process, as well as enhancing the economic values of production. At the meantime, the Group will continue to expand its research and development activities on biomass energy, with a vision to bring new benefits to the Group.

Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.

By order of the board of  
**Merry Garden Holdings Limited**  
**Wu Zheyuan**  
*Chairman*

Hong Kong, 20 March 2014

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