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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

The board of directors of the Merry Garden Holdings Limited (the “**Company**”), with the objective to inform the shareholders and potential investors of the Company and its subsidiaries (the “**Group**”) of the operational progress, announces that based on the preliminary unaudited management accounts of the Group, the Board believes that the Group may suffer loss for the first three months ended 31 March 2016, primarily attributable to the following reasons:

1. a decrease in sales as a result of the economic fluctuations worldwide and in China and the customers were comparatively more conscious in making purchase;
2. fluctuations in exchange rates led to an increase in exchange loss;
3. a drop in selling price of the products met by an increase in cost to improve product competitiveness caused by stiff competition, which led to a decrease in the gross profit margin; and
4. an increase in operating expenses such as staff wages, administrative expense and business development bonus expenses.

The information contained in this announcement is only based on the information currently available to the Group for the three months ended 31 March 2016, which has not been audited or reviewed by the Company’s auditors.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 29 April 2016

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