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MERRY GARDEN HOLDINGS LIMITED

美麗家園控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1237)

DISCLOSEABLE TRANSACTION LAND RESUMPTION

On 8 March 2013, Zhangping Kimura entered into the Land Resumption Agreement with the Land Reserve Centre in relation to the Land Resumption at the Consideration of RMB62,390,000 (equivalent to approximately HK\$77,738,000).

Two of our seven production lines are located on the Land. These two production lines contributed to approximately 10% of the total drying treatment capacity of the Group. The existing production facilities on the Land will be relocated to the New Land. The Directors expect that the Relocation will be effected progressively after receiving the Consideration from the Land Reserve Centre.

As more than one of the relevant percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the transactions contemplated under the Land Resumption Agreement are more than 5% but less than 25%, the transactions contemplated under the Land Resumption Agreement constitute a discloseable transaction for the Company under Rule 14.06 of the Listing Rules.

INTRODUCTION

On 8 March 2013, Zhangping Kimura entered into the Land Resumption Agreement with the Land Reserve Centre in relation to the Land Resumption at the Consideration of RMB62,390,000 (equivalent to approximately HK\$77,738,000).

THE LAND RESUMPTION AGREEMENT

Parties

- (1) Zhangping Kimura; and
- (2) the Land Reserve Centre.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Land Reserve Centre and its ultimate beneficial owner(s) are third parties independent of the Company and connected persons (as defined under the Listing Rules) of the Company.

Date

8 March 2013

Subject Matter of the Land Resumption Agreement

The Land Resumption Agreement was in relation to the resumption of the Land, where two of our seven production lines are located. Please refer to the paragraph headed "Reasons for, and benefits from, entering into the Land Resumption Agreement" for details of the Land and the production facilities thereon.

Consideration

The Land Reserve Centre will acquire the land use rights of the Land from Zhangping Kimura at the Consideration of RMB62,390,000 (equivalent to approximately HK\$77,738,000), which shall be paid within 5 days from the date on which the Land Reserve Centre receives the reserve fund from the relevant government authority, which is expected to be on or before 30 June 2013.

The Consideration was determined after taking into account the costs of the Land and the immovable structures on the Land and costs of relocation and disposal of facilities.

Failure to perform

If either Zhangping Kimura or the Land Reserve Centre fails to fully comply with its obligations (to return the land use rights of the Land or to pay the Consideration, as the case may be) under the Land Resumption Agreement, it is obliged to pay to the non-defaulting party a default interest for the number of days of its failure after the prescribed timeframe at a daily rate of 0.3% of the Consideration. If such default lasts for more than 30 days, the non-defaulting party shall have the right to terminate the Land Resumption Agreement.

Completion of the Land Resumption

Zhangping Kimura is required to return the land use rights of the Land, together with the relevant state-owned land use right certificate and the building ownership right certificate to the Land Reserve Centre within 180 days from the date it receives the Consideration.

The Land Resumption is expected to complete on or before 31 December 2013, after the completion of the Relocation.

REASONS FOR, AND BENEFITS FROM, ENTERING INTO THE LAND RESUMPTION AGREEMENT

As of the date of this announcement, the Land comprised Zone A and Zone B referred to in the paragraph headed “Our production operations and facilities” in the section headed “Business” in the Prospectus. Zone A comprises four workshop buildings and six offices or ancillary buildings with a total gross floor area of approximately 7,234 sq.m. while Zone B comprises seven workshop buildings and four offices or ancillary buildings with a total gross floor area of approximately 11,900 sq.m.. A production line which is typically used for the production of the Group’s outdoor and indoor furniture products was established at Zone A and a production line which is typically used for the production of the Group’s landscape garden products and pet-home designs was established at Zone B. These two production lines contributed to approximately 10% of the total drying treatment capacity of the Group.

The existing production facilities on the Land will be relocated to the new production plant at a piece of land adjacent to Zone C referred to in the Prospectus, which is located at Hechun Village and Heping Village, Heping Town, Zhangping City, Fujian Province, the PRC and acquired by the Group in August 2012 (the “**New Land**”). The Directors expect that the Relocation will be effected progressively after receiving the Consideration from the Land Reserve Centre. The existing production facilities will be suspended from production for six weeks during the Relocation. The Directors believe that the Relocation will not cause any significant disruption to the Group’s operation and production.

The Directors also confirm that the expansion plan in relation to the production capacity of the Group set out in the Prospectus will not be affected by the Relocation as the new production plant on the New Land has sufficient capacity to accommodate both the production facilities on the Land and the new production facilities as set out in the Prospectus.

As of 30 June 2012, the net book value of the Land and the immovable structures on the Land amounted to approximately RMB8.1 million and RMB4.0 million, respectively, and the expected costs for Relocation amounts to RMB0.1 million. It is anticipated that the Company will record a gain before taxation of RMB50.0 million from the Land Resumption.

The Directors believe that the Relocation will reduce production costs as management resources and production facilities can be shared and utilised more efficiently. The Land Resumption provides a good opportunity for the Group to realise the investment in the Land and the Consideration will enable the Group to enhance its working capital position for future opportunities that may arise.

The Directors consider that the terms of the Land Resumption Agreement are fair and reasonable and the entering into of the Land Resumption Agreement is in the interests of the shareholders of the Company as a whole. They also consider that the Relocation will not have any material adverse impact on the operational and financial position of the Group.

LISTING RULES IMPLICATIONS

As more than one of the relevant percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the transactions contemplated under the Land Resumption Agreement are more than 5% but less than 25%, the transactions contemplated under the Land Resumption Agreement constitute a discloseable transaction for the Company under Rule 14.06 of the Listing Rules.

GENERAL

To the best of the Directors' knowledge, the Land Reserve Centre is an administrative body of the local governmental authority at Zhangping, Fujian province, the PRC, which is responsible for land-related administrative matters.

The principal activities of Zhangping Kimura are manufacturing and sales of outdoor wooden products to both domestic and overseas customers.

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

DEFINITIONS

“Company”	Merry Garden Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Consideration”	the consideration of RMB62,390,000 under the Land Resumption Agreement
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Land”	eight parcels of land located at 中國福建省漳平市菁城街道東外環路東側及西側富山工業區 (Fushan Industrial Zone, eastern side and western side of East Waihuan Road, Jingcheng Jiedao, Zhangping, Fujian province, the PRC) with total area of approximately 51,277 sq.m.
“Land Reserve Centre”	漳平市土地收購儲備中心 (Zhangping Land Reserve Centre), an administrative body of the local governmental authority at Zhangping, Fujian province, the PRC
“Land Resumption”	the resumption of the Land by the Land Reserve Centre pursuant to the Land Resumption Agreement

“Land Resumption Agreement”	國有土地使用權收購合同 (land use right acquisition agreement) dated 8 March 2013 entered into between Zhangping Kimura and the Land Reserve Centre in relation to the Land Resumption
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, The Macao Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus of the Company dated 25 June 2012
“Relocation”	the relocation of the existing production facilities from the Land to the New Land
“RMB”	Renminbi, the lawful currency of the PRC
“sq.m.”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Zhangping Kimura”	Fujian Zhangping Kimura Forestry Products Co., Ltd. (福建省漳平木村林產有限公司), an indirect wholly-owned subsidiary of the Company
“%”	per cent.

For the purpose of this announcement, unless otherwise specified, conversion of RMB into HK\$ is based on the exchange rate of RMB1.00 to HK\$1.246.

By order of the board of
Merry Garden Holdings Limited
Wu Zheyang
Chairman

Hong Kong, 8 March 2013

As at the date of this announcement, the executive Directors are Mr. Wu Zheyang, 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.