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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

On 22 July 2013, Zhangping Kimura, an indirect wholly-owned subsidiary of the Company, and the Vendor entered into the Agreement for the acquisition of the Property.

As one or more than one of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Acquisition exceed 5% and all of the percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

On 22 July 2013, Zhangping Kimura, an indirect wholly-owned subsidiary of the Company, and the Vendor entered into the Agreement for the acquisition of the Property.

THE AGREEMENT

Date

22 July 2013

Parties

- (1) Zhangping Kimura; and
- (2) the Vendor

The subject matter

Under the Agreement, it is agreed that Zhangping Kimura will acquire the Property from the Vendor.

The Property comprised 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. The Property is designated for commercial use and the Group intends to use it as office premises, research and development centre and product showroom.

Consideration

Pursuant to the Agreement, the Consideration is RMB46,500,000, which shall be paid by Zhangping Kimura to the Vendor in the following manner:

- (a) RMB23,250,000, representing 50% of the Consideration, shall be paid upon signing of the Agreement;
- (b) RMB11,625,000, representing 25% of the Consideration, shall be paid upon the roof-sealing (封頂) of the Property;
- (c) RMB9,300,000, representing 20% of the Consideration, shall be paid upon the delivery of the Property; and
- (d) RMB2,325,000, representing the remaining of the Consideration, shall be paid upon the obtaining of the land use right certificate and the property certificate of the Property by Zhangping Kimura.

The Consideration was arrived at after arm's length negotiations between Zhangping Kimura and the Vendor after taking into account the location of the Property and the prevailing market price of comparable properties in the same area in Zhangping, Fujian province. It is expected that the Group will satisfy the Consideration using its internal resources.

Completion

As at the date of this announcement, the construction of the Property had not commenced yet, and zone A1 and zone B1 of the Property are expected to be delivered to Zhangping Kimura by 31 October 2014 and 30 April 2014, respectively.

REASONS FOR THE ACQUISITION

To the best knowledge of the Directors, the land where the Property is situated will be developed into an urban complex which will include offices and upscale residence. The Directors consider that the Property is at a convenient location in the urban complex and the Group intends to use the Property as office premises, research and development centre and product showroom. The Directors believe that it is in the long term benefit to the Group to have its office premises, research and development centre and product showroom at the Property.

The Directors consider that the terms of the Agreement are fair and reasonable, the transactions under the Agreement are on normal commercial terms and the entering into of the Agreement is in the interests of the Group and the shareholders of the Company as a whole.

GENERAL

To the best knowledge of the Directors, the principal business activity of the Vendor is property development in the PRC. The Vendor was established in the PRC in January 2013, and during the period from its establishment to April 2013, it was owned as to 90% by Zhangping Kimura and 10% by an independent third party (the “**Ultimate Owner**”). In April 2013, Zhangping Kimura disposed of all of its interests in the Vendor to the Ultimate Owner at a consideration of RMB1.8 million and upon completion of such disposal, the Vendor was wholly-owned by the Ultimate Owner. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendor and its ultimate beneficial owner(s) were third party(ies) independent of the Company and its connected persons as defined under the Listing Rules as at the date of this announcement.

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

The principal business 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.

LISTING RULES IMPLICATIONS

As one or more than one of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Acquisition exceed 5% and all of the percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements but is exempt from the independent shareholders’ approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

The following terms have the following meanings in this announcement, unless the context otherwise requires:

“Acquisition”	the acquisition of the Property by Zhangping Kimura from the Vendor as contemplated under the Agreement
“Agreement”	the sale and purchase agreement for the sale and purchase of the Property entered into between Zhangping Kimura and the Vendor on 22 July 2013
“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 for the acquisition of the Property under the Agreement, being RMB46,500,000
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“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
“Property”	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
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	漳平市美麗家園房地產開發有限公司 (Zhangping Merry Garden Property Development Company Limited, being its unofficial English translation), a company established in the PRC

“Zhangping Kimura”

Fujian Zhangping Kimura Forestry Products Co., Ltd. (福建省漳平木村林產有限公司), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company

“%”

per cent.

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

Hong Kong, 22 July 2013

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.