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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 TRANSACTIONS CONSTRUCTION CONTRACTS

On 14 September 2012, Zhangping Kimura entered into the Construction Contracts with Fujian Guangrun and Xiamen Chengjian in relation to the Construction Works A and Construction Works B at an estimated aggregate consideration of RMB66.6 million (equivalent to approximately HK\$81.5 million).

The Construction Works A and Construction Works B are in relation to the Production Plants to be built on the land located at 福建省漳平市和平鎮和平村、和春村 (Heping Village and Hechun Village, Heping County, Zhangping City, Fujian Province*) in the PRC and the Production Plants involve the use of approximately 42,160 square metres of the land. The Production Plants will comprise production plants and other ancillary facilities.

The consideration of the Construction Contracts will be satisfied by the net proceeds of the global offering of the Shares in 2012 by HK\$29.3 million (equivalent to approximately RMB 23.9 million) and the shortfall will be satisfied by internally generated funds and bank loans.

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

On 14 September 2012, Zhangping Kimura entered into the Construction Contracts with Fujian Guangrun and Xiamen Chengjian in relation to the Construction Works A and Construction Works B at an estimated aggregate consideration of RMB66.6 million (equivalent to approximately HK\$81.5 million).

THE CONSTRUCTION CONTRACT A

Parties

- (1) Zhangping Kimura; and
- (2) 福建省廣潤建築發展有限公司 (Fujian Guangrun Construction Development Company Limited*)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Fujian Guangrun 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

The Construction Contract A was entered into on 14 September 2012.

Details of the subject matters of the Construction Contract A

The Construction Contract A was in relation to the foundation construction of the Production Plants.

Consideration

The estimated consideration for the Construction Works A is RMB37.0 million (equivalent to approximately HK\$45.3 million). Upon signing of the contract, Zhangping Kimura will pay 40% of the consideration as deposit within 3 days.

On 25th day of each calendar month, Fujian Guangrun will deliver a report to Zhangping Kimura assessing the value of the work completed in the previous month. After approving the value of the completed work, Zhangping Kimura is required to pay 40% of such value of work within 15 days. An aggregate payment of 80% of the total consideration will be paid before the Completion Inspection of the Construction Works A.

15% of the total consideration will be paid after the passing of the Completion Inspection of the Construction Works A. A sum of 5% of the total consideration will be withheld as the Quality Assurance Retention Money for the Construction Works A, which will be paid on the first anniversary of the date of the completion of the Construction Works A.

The consideration under the Construction Contract A was determined after taking into account of the whole design of the construction project, materials used, the size of project, and the past working experience with Fujian Guanrun.

Completion of the Construction Works A

The Construction Works A are expected to complete on or before February 2013.

THE CONSTRUCTION CONTRACT B

Parties

(1) Zhangping Kimura; and

(2) 廈門城健建設有限公司 (Xiamen Chengjian Construction Company Limited*)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Xiamen Chengjian 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

The Construction Contract B was entered into on 14 September 2012.

Details of the subject matters of the Construction Contract B

The Construction Contract B was in relation to the water and electricity network laying for, and the construction of the Production Plants.

Consideration

The estimated consideration for the Construction Works B is RMB 29.6 million (equivalent to approximately HK\$36.2 million). Upon signing of the contract, Zhangping Kimura will pay 40% of the consideration as deposit within 3 days.

On the 25th day of each calendar month, Xiamen Chengjian will deliver a report to Zhangping Kimura assessing the value of the work completed in the previous month. After approving the value of the completed work, Zhangping Kimura is required to pay 40% of such value of work within 15 days. An aggregate payment of 80% of the total consideration will be paid before the Completion Inspection of the Construction Works B.

15% of the total consideration will be paid after the passing of the Completion Inspection of the Construction Works B. A sum of 5% of the total consideration will be withheld as the Quality Assurance Retention Money for the Construction Works B, and which be paid on the first anniversary of the date of the completion of the Construction Works B.

The consideration under the Construction Contract B was determined after taking into account of the whole design of the construction project, materials used and the size of project.

Completion of the Construction Works B

The Construction Works B are expected to complete on or before February 2013.

REASONS FOR, AND BENEFITS FROM, ENTERING INTO THE CONSTRUCTION CONTRACTS

Upon completion of both the Construction Works A and Construction Works B, the Production Plants will accommodate two new production lines. The production lines mainly produce timber villas, sheds and their related parts and structure and will have an aggregate annual production capacity of approximately 45,000m³ of such products. The production lines will relieve the pressure of the production capacity of the existing production lines during peak season and allow our growth in sales in the timber villa, sheds and their related parts and structures.

The consideration of the Construction Contracts will be satisfied by the net proceeds of the global offering of the Shares in 2012 by HK\$29.3 million (equivalent to approximately RMB 23.9 million) and the shortfall will be satisfied by internally generated funds and bank loans.

The Directors consider that the terms of the Construction Contracts are fair and reasonable and the entering into of the Construction Contracts are in the interests of the Shareholders as a whole.

LISTING RULES IMPLICATIONS

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

GENERAL

To the best of the Directors' knowledge, the principal business of Fujian Guangrun and Xiamen Chengjian are construction of properties in the PRC.

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
“Completion Inspection”	the inspection conducted by Zhangping Kimura at the completion of the Construction Works A or Construction Works B (as the case may be)
“Construction Contract A”	the construction contract dated 14 September 2012 entered into between Fujian Guangrun and Zhangping Kimura in relation to the Construction Works A
“Construction Contract B”	the construction contract dated 14 September 2012 entered into between Xiamen Chengjian and Zhangping Kimura in relation to the Construction Works B
“Construction Works A”	the foundation construction laying for the Production Plants pursuant to the Construction Contract A

“Construction Works B”	the water and electricity network laying for, and the construction of the Production Plants pursuant to the Construction Contract B
“Construction Contracts”	collectively, the Construction Contract A and the Construction Contract B
“Directors”	the Directors of the Company
“Fujian Guangrun”	福建省廣潤建築發展有限公司 (Fujian Guangrun Construction Development Company Limited*), a company established in the PRC
“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
“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
“Production Plants”	the production plants and other ancillary facilities to be built on 福建省漳平市和平鎮和平村、和春村 (the Heping Village and Hechun Village, Heping County, Zhangping City, Fujian*) in the PRC
“Quality Assurance Retention Money”	the retention money to cover the costs of rectifying any quality defects found within one year after the date of the completion of the Construction Works A or Construction Works B (as the case may be)
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Xiamen Chengjian”	廈門城健建設有限公司 (Xiamen Chengjian Construction Company Limited*), 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), 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\$1.22365.

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

Hong Kong, 14 September 2012

As at the date of this announcement, the executive directors of the Company 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 of the Company are Mr. Lam Hin Chi, Mr. Jin Zhongwei and Mr. Su Wenqiang.

* *For identification purpose only*