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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)**

### **VOLUNTARY ANNOUNCEMENT STRATEGIC COOPERATION FRAMEWORK AGREEMENT WITH AVIC FORESTRY**

This is a voluntary announcement made by the Company in relation to the update of business development of the Group.

#### **INTRODUCTION**

The Board is pleased to announce that on 23 April 2015, Zhangping Kimura and AVIC Forestry entered into the Strategic Cooperation Framework Agreement for the collaborations for advancement of the fire resistance of wood materials and for the development of Northern China market.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, AVIC Forestry is an independent third party of the Company and its connected persons (as defined in the Listing Rules).

#### **KEY TERMS OF THE STRATEGIC COOPERATION FRAMEWORK AGREEMENT**

Pursuant to the terms of the Strategic Cooperation Framework Agreement, the Parties will utilise their respective advantages in the cooperation. AVIC Forestry will exploit timbers in its extensive forest in Russia where Zhangping Kimura will leverage its leading position in research, manufacturing and marketing capacity, taking charge of fire resistance technology development and together with AVIC Forestry, developing wooden houses market in Northern China.

The Parties are not required to pay any consideration to each other pursuant to the Strategic Cooperation Framework Agreement.

The Strategic Cooperation Framework Agreement shall be valid for three years from 23 April 2015.

## **REASONS FOR ENTERING INTO THE STRATEGIC COOPERATION FRAMEWORK AGREEMENT**

The Group specialises in wood processing technology. Holding over 90 registered patents, the Group has a leading position in the innovation of wood modification technology. Via advanced wood processing technology, the Group provides one-stop services on home building materials, leisure furniture and tourism facilities to customers in over 35 countries and regions. The customer base of the Group covers large home improvement chains, tourism industry developers, builders and end consumers.

To the best knowledge of the Directors, AVIC Forestry, established in 2011, is one of the largest enterprises in terms of overseas forest resources. Its operation covers the whole industry chain which ranges from exploitation, harvesting, processing, transportation and sales of forest resources as well as park developments and inviting business partners for the developments. AVIC Forestry founded a trade cooperation region in Tomsk Oblast of Russia. The region is one of the most important projects in the facilitation of foreign trade for the Chinese government. AVIC Forestry possesses advanced timber harvesting machines, wood processing lines, as well as comprehensive facilities and services. Its planned annual capacity in wood harvesting and processing reaches 4,500,000 m<sup>3</sup>. AVIC Forestry is subsidiary of AVIC International Holding Corporation, a member of the Aviation Industry Corporation of China.

The Directors believe that the Strategic Cooperation Framework Agreement will open the Group's access to the extensive and quality forest resources in Russia. By assisting AVIC Forestry in the development of fire resistance technology in timber, the Group's position in Northern China, where the market for wooden houses and timbers is tremendous, will be greatly enhanced. The Directors further believe that this all-encompassing cooperation with AVIC Forestry will fortify the Group's leading position among wood related technology enterprises in China.

The Directors consider that the transactions contemplated under the Strategic Cooperation Framework Agreement are in the ordinary and usual course of business of the Group and the terms of the Strategic Cooperation Framework Agreement are based on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall have following meanings:

“AVIC Forestry”	AVIC Forestry Co., Ltd., established in 2011, which, to the best knowledge of the Directors, is 60%, 38% and 2% owned by AVIC International Holding Corporation, Yantai Northwest Forestry Co., Ltd. and Yantai Development Zone Sales Center
“Company”	Merry Garden Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange
“Directors”	the directors of the Company

“Group”	the Company and its subsidiaries
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Parties”	the parties to the Strategic Cooperation Framework Agreement, being Zhangping Kimura and AVIC Forestry
“PRC”	The People’s Republic of China, for the purpose of this announcement, excludes the Hong Kong Special Administrative Region of the PRC, the Macao Special Administrative Region of the PRC and Taiwan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strategic Cooperation Framework Agreement”	the strategic cooperation framework agreement entered into by Zhangping Kimura and AVIC Forestry on 23 April 2015
“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

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

Hong Kong, 27 April 2015

*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 Directors of the Company are Mr. Lee Kong Wai, Conway and Mr. Wu Dongping, and the independent non-executive Directors of the Company are Mr. Lam Hin Chi, Prof. Jin Zhongwei and Prof. Su Wenqiang.*