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)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

HIGHLIGHTS FOR THE YEAR ENDED 31 DECEMBER 2014

— Turnover increased by 47.6% to RMB701.2 million.

— Profit for the year decreased to RMB90.8 million mainly as a result of the gain from land resumption amounted to RMB44.8 million in 2013.

— Profit for year (excluding government subsidies and gain from land resumption) increased by 8.3% to RMB80.2 million.

— Earnings per Share is RMB0.08.

— Final dividend of HK$0.005 (equivalent to approximately RMB0.004) per Share is recommended by the Board.

— Bonus issue of one new Share for every 100 Shares held by Shareholders on the Record Date is proposed by the Board.

The Board is pleased to announce the annual results of the Group for the year ended 31 December 2014.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2014
(Expressed in Renminbi)

	Note	2014 RMB'000	2013 RMB'000
Turnover	3	**701,231**	475,051
Cost of sales		**(522,818)**	(323,317)
Gross profit		**178,413**	151,734
Other revenue	4(a)	**17,888**	23,070
Other net gain	4(b)	**2,172**	48,683
Selling and distribution expenses		**(21,714)**	(13,818)
Administrative expenses		**(56,279)**	(46,979)
Profit from operations		**120,480**	162,690
Finance costs	5(a)	**(11,326)**	(5,463)
Profit before taxation	5	**109,154**	157,227
Income tax	6(a)	**(18,344)**	(32,806)
Profit for the year		**90,810**	124,421
Earnings per share			
Basic and diluted (RMB)	7	**0.08**	0.12

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2014
(Expressed in Renminbi)

	2014	2013
	RMB'000	*RMB'000*
Profit for the year	**90,810**	124,421
Other comprehensive income for the year, net of tax		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of subsidiaries outside the PRC, net of nil tax	**6**	1,050
Total comprehensive income for the year	**90,816**	125,471

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2014
(Expressed in Renminbi)

	Note	2014 RMB'000	2013 RMB'000
Non-current assets			
Property, plant and equipment		**293,935**	198,303
Lease prepayments		**50,290**	51,307
Non-current prepayments for acquisitions of property, plant and equipment		**48,311**	51,302
Interest in an associate		**631**	–
Other financial assets		**2,495**	2,495
Deferred tax assets		**5,414**	4,821
		401,076	308,228
Current assets			
Inventories	*8*	**297,528**	191,709
Current portion of lease prepayments		**1,056**	1,096
Trade and other receivables	*9*	**278,660**	162,372
Entrusted loans	*10*	**30,000**	–
Pledged deposits		**99,268**	68,601
Cash and cash equivalents		**174,144**	75,052
		880,656	498,830
Current liabilities			
Trade and other payables	*11*	**19,356**	23,937
Bank loans		**345,699**	239,651
Current portion of deferred income		**1,163**	1,179
Current taxation		**29,198**	20,517
		395,416	285,284
Net current assets		**485,240**	213,546
Total assets less current liabilities		**886,316**	521,774

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2014 *(CONTINUED)*
(Expressed in Renminbi)

	Note	**2014** *RMB'000*	2013 *RMB'000*
Non-current liabilities			
Interest-bearing borrowings		**67,397**	25,097
Non-current portion of deferred income		**19,527**	18,314
Deferred tax liabilities		**2,050**	1,191
		88,974	44,602
NET ASSETS		**797,342**	477,172
CAPITAL AND RESERVES			
Capital		**11,053**	8,135
Reserves		**786,289**	469,037
TOTAL EQUITY		**797,342**	477,172

NOTES:

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 17 October 2011 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company was listed on the Stock Exchange on 6 July 2012.

2 BASIS OF PREPARATION AND PRESENTATION

The annual results set out in this announcement do not constitute the Group's consolidated financial statements for the year ended 31 December 2014 but are extracted from those financial statements.

The consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual IFRSs, International Accounting Standards ("IASs") and Interpretations issued by the International Accounting Standards Board ("IASB"). These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Listing Rules.

The IASB has issued a number of amendments to IFRSs and one new Interpretation that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

— Amendments to IFRS 10, IFRS 12 and IAS 27, *Investment entities*

— Amendments to IAS 32, *Offsetting financial assets and financial liabilities*

— Amendments to IAS 36, *Recoverable amount disclosures for non-financial assets*

— IFRIC 21, *Levies*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the new or amended IFRSs are discussed below:

Amendments to IFRS 10, IFRS 12 and IAS 27, Investment entities

The amendments provide consolidation relief to those parents which qualify to be an investment entity as defined in the amended IFRS 10. Investment entities are required to measure their subsidiaries at fair value through profit or loss. These amendments do not have an impact on these financial statements as the Company does not qualify to be an investment entity.

Amendments to IAS 32, Offsetting financial assets and financial liabilities

The amendments to IAS 32 clarify the offsetting criteria in IAS 32. The amendments do not have an impact on these financial statements as they are consistent with the policies already adopted by the Group.

Amendments to IAS 36, Recoverable amount disclosures for non-financial assets

The amendments to IAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, the amendments expand the disclosures required for an impaired asset or CGU whose recoverable amount is based on fair value less costs of disposal. The amendments do not have a significant impact on the Group's financial statements.

IFRIC 21, Levies

The Interpretation provides guidance on when a liability to pay a levy imposed by a government should be recognised. The amendments do not have an impact on these financial statements as the guidance is consistent with the Group's existing accounting policies.

The consolidated financial statements are presented in RMB, rounded to the nearest thousand. The measurement basis used in the preparation of the financial statements is the historical cost basis except that derivative financial instruments are stated at their fair value.

3 TURNOVER AND SEGMENT REPORTING

(a) Turnover

The principal activities of the Group are manufacturing and sales of outdoor wooden products, engaging in projects of outdoor wooden products including the provision of design and installation services, retail sales of outdoor wooden products through self-operated retail shops, and manufacturing and sales of renewable energy products.

Turnover represents

(i) the sales value of goods sold to customers less returns, discounts, and value added taxes and other sales tax; and

(ii) contract revenue derived from projects of outdoor wooden products including the provision of design and installation services.

The amount of each significant category of revenue recognised in turnover is analysed as follows:

	2014	2013
	RMB'000	*RMB'000*
Sales of outdoor wooden products	**659,016**	465,830
Retail sales of wooden products	**24,245**	8,356
Contract revenue derived from projects of outdoor wooden products including the provision of design and installation services	**1,469**	865
Sales of renewable energy products	**16,501**	–
	701,231	475,051

No individual external customers accounted for 10% or more of the Group's revenue for the years ended 31 December 2014 and 2013.

(b) Segment reporting

In a manner consistent with how the Group manages its business and the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified four reportable segments, namely Manufacturing and sales of wooden products, Retail business, Projects of outdoor wooden products and Manufacturing and sales of renewable energy products. No operating segments have been aggregated to form the above reportable segments.

— Manufacturing and sales of wooden products: manufacturing and sales of outdoor wooden products to both domestic and overseas customers, and trading of timber.

— Retail business: retail sales of outdoor wooden products through self-operated retail shops.

— Projects of outdoor wooden products: engaged in projects of outdoor wooden products including the provision of design and installation services to domestic customers.

— Manufacturing and sales of renewable energy products: manufacturing and trading of biomass pellet fuel to both domestic and overseas customers.

(i) Segment results

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results attributable to each reportable segment on the following bases:

Reportable segment revenue represents the revenue derived from the Group's external customers by Manufacturing and sales of wooden products, Retail business, Projects of outdoor wooden products and Manufacturing and sales of renewable energy products, respectively.

The measure used for reportable segment profit/(loss) is "profit/(loss) after taxation (excluding the after tax effect of government subsidies and land resumption)" of Manufacturing and sales of wooden products, Retail business, Projects of outdoor wooden products and Manufacturing and sales of renewable energy products, respectively.

A measurement of segment assets and liabilities is not provided regularly to the Group's most senior executive management and accordingly, no segment assets or liabilities information is presented.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2014 and 2013 is set out below:

			2014		
	Manufacturing and sales of wooden products	**Retail business**	**Projects of outdoor wooden products**	**Manufacturing and sales of renewable energy products**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue derived from the Group's external customers	**659,016**	**24,245**	**1,469**	**16,501**	**701,231**
Inter-segment revenue	**22,726**	**–**	**–**	**463**	**23,189**
Reportable segment revenue	**681,742**	**24,245**	**1,469**	**16,964**	**724,420**
Reportable segment profit (profit after taxation (excluding the after tax effect of government subsidies and land resumption))	**84,721**	**1,290**	**59**	**3,496**	**89,566**

	2013				
	Manufacturing and sales of wooden products	Retail business	Projects of outdoor wooden products	Manufacturing and sales of renewable energy products	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue derived from the Group's external customers	465,830	8,356	865	–	475,051
Inter-segment revenue	5,984	–	–	–	5,984
Reportable segment revenue	471,814	8,356	865	–	481,035
Reportable segment profit/(loss) (profit/(loss) after taxation (excluding the after tax effect of government subsidies and land resumption))	82,164	(4,384)	(193)	–	77,587

(ii) Reconciliations of reportable segment revenue and reportable segment profit

	2014	2013
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue	**724,420**	481,035
Elimination of inter-segment revenue	**(23,189)**	(5,984)
Consolidated turnover	**701,231**	475,051
Profit		
Reportable segment profit derived from the Group's external customers	**89,566**	77,587
Government subsidies and gain from land resumption (net of tax)	**10,628**	50,384
Unallocated head office and corporate expenses	**(9,384)**	(3,550)
Consolidated profit after taxation	**90,810**	124,421

(iii) Geographic information

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the goods were delivered or the services were provided.

	2014	2013
	RMB'000	*RMB'000*
The PRC (place of domicile)	**390,886**	231,616
North America	**244,737**	165,141
Europe	**43,314**	30,205
Asia Pacific (exclusive of the PRC)	**22,294**	48,089
	310,345	243,435
	701,231	475,051

4 OTHER REVENUE AND OTHER NET GAIN

(a) Other revenue

	2014	2013
	RMB'000	*RMB'000*
Interest income on bank deposits	**3,446**	833
Government subsidies	**14,170**	22,237
Others	**272**	–
	17,888	23,070

The Group received unconditional government subsidies of RMB13,017,000 (2013: RMB17,765,000) for the year ended 31 December 2014. These government subsidies were granted to Zhangping Kimura for subsidising various expenses already incurred and were recognised as other revenue when they became receivable.

The Group recognised government subsidies as deferred income which compensates the Group for the cost of its land use right and the cost of infrastructure development. Government subsidies (deferred income) of RMB1,153,000 (2013: RMB4,472,000) were recognised as other revenue for the year ended 31 December 2014, which is on a systematic basis over the useful life of the relevant assets.

(b) Other net gain

	2014	2013
	RMB'000	*RMB'000*
Gain from land resumption *(note)*	**–**	44,802
Net foreign exchange gain	**4,356**	2,722
Net gain on disposal of land use right	**–**	146
Net gain/(loss) on disposal of property, plant and equipment	**45**	(4)
Changes in fair value of derivative financial instruments	**(2,229)**	1,629
Others	**–**	(612)
	2,172	48,683

Note: On 8 March 2013, Zhangping Kimura entered into a land resumption agreement with Land Reserve Centre, in relation to the land resumption of eight parcels of land at Fushan Industrial Zone (the "Land") for a consideration of RMB62,390,000 (the "Consideration"). Upon the completion of the land resumption transaction in July 2013, the Group recognised a gain of RMB44,802,000, which represented the Consideration received less the aggregate carrying value of the Land and immovable structures erected on the Land totalling RMB17,588,000.

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	2014	2013
	RMB'000	*RMB'000*
(a) Finance costs		
Interest expense on bank loans and interest-bearing borrowings wholly repayable within five years	**13,617**	8,495
Less: Interest expense capitalised into construction in progress*	**(2,291)**	(3,032)
	11,326	5,463

* The borrowing costs have been capitalised at a rate of 3.48% (2013: 4.14%) per annum for the year ended 31 December 2014.

(b) Staff costs

	2014	2013
Salaries, wages and other benefits	**30,456**	24,896
Contributions to defined contribution retirement schemes	**3,367**	4,224
	33,823	29,120

Pursuant to the relevant labour rules and regulations in the PRC, the Group's entities in the PRC participate in defined contribution retirement benefit schemes (the "Schemes") organised by the local authorities whereby the entities are required to make contributions to the Schemes based on a percentage of the eligible employees' salaries during the years ended 31 December 2014 and 2013. Contributions to the Schemes vest immediately. Under the Schemes, retirement benefits of existing and retired employees are payable by the relevant scheme administrators and the Group has no further obligations beyond the annual contributions.

	2014	2013
	RMB'000	*RMB'000*

(c) Other items

	2014	2013
	RMB'000	*RMB'000*
Cost of inventories[#]	**522,818**	323,317
Depreciation of property, plant and equipment	**15,196**	10,142
Amortisation of lease prepayments	**1,057**	1,337
Operating lease charges for properties	**2,256**	2,090
Research and development costs	**28,894**	19,572
Auditors' remuneration	**1,270**	1,597

[#] Cost of inventories includes RMB40,742,000 (2013: RMB28,749,000) for the year ended 31 December 2014 relating to staff costs, depreciation and research and development costs, which amount is also included in the respective total amounts disclosed separately above or in note 5(b) for each of these types of expenses.

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss represents:

	2014	2013
	RMB'000	*RMB'000*
Current tax — PRC corporate income tax		
Provision for the year	**18,078**	30,803
Withholding tax — the PRC		
Dividend withholding tax	**–**	521
Deferred tax		
Origination and reversal of temporary differences	**266**	1,482
	18,344	32,806

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2014	2013
	RMB'000	*RMB'000*
Profit before taxation	**109,154**	157,227
Notional tax on profit before taxation, calculated at the rates applicable in the tax jurisdictions concerned *(note (i))*	**28,011**	41,197
Effect of PRC tax concession *(note (ii))*	**(9,887)**	(9,776)
PRC dividend withholding tax *(note (iv))*	**516**	131
Effect of utilising tax losses not recognised in prior years	**(56)**	–
Effect of non-deductible expenses	**2,135**	3,004
Effect of research and development expense bonus deduction *(note (iii))*	**(2,375)**	(1,750)
Actual tax expense	**18,344**	32,806

Notes:

(i) The Group's PRC subsidiaries are subject to PRC corporate income tax at the statutory rate of 25% unless otherwise specified.

Taxation for subsidiaries in other jurisdictions is charged at the appropriate current rates of taxation ruling in relevant jurisdictions respectively.

No provision was made for Hong Kong Profits Tax as the Group did not earn any assessable profits subject to Hong Kong Profits Tax during the years ended 31 December 2014 and 2013.

(ii) Zhangping Kimura applied and was approved for the High and New Technology Enterprise ("HNTE") qualification under the PRC Corporate Income Tax Law and its relevant regulations during 2013, and therefore is entitled to the preferential income tax rate of 15% for a period of three years from 2013 to 2015.

(iii) According to the PRC Corporate Income Tax Law and its relevant regulations, qualified research and development expenses are subject to income tax deductions at 150% on the amount actually incurred.

(iv) According to the PRC Corporate Income Tax Law and its relevant regulations, dividends receivable by non-PRC resident corporate investors from PRC resident enterprises are subject to withholding income tax at 10%, unless reduced by tax treaties or arrangements, for profits earned since 1 January 2008. Under the tax arrangement between the Mainland of China and Hong Kong Special Administrative Region and the relevant regulations, a qualified Hong Kong tax resident which is the "beneficial owner" and holds a 25% equity interest or more of a PRC enterprise is entitled to a reduced tax rate of 5%. The Group's subsidiary in Hong Kong is a qualified Hong Kong tax resident and therefore entitled a reduced withholding tax rate of 5%.

Since the Group can control the quantum and timing of distribution of profits of the Group's subsidiaries in the PRC, deferred tax liabilities are only recognised to the extent that such profits are expected to be distributed through dividend payment by the Group's PRC subsidiaries in the foreseeable future. As at 31 December 2014, deferred tax liabilities not recognised relating to the undistributed profits of the Group's PRC subsidiaries to overseas holding company amounted to RMB278,022,000 (2013: RMB204,336,000).

7 EARNINGS PER SHARE

The calculation of basic earnings per share for the year ended 31 December 2014 is based on the profit attributable to equity shareholders of the Company of RMB90,810,000 (2013: RMB124,421,000) and weighted average of 1,141,438,000 shares (2013: 1,000,000,000 shares) in issue during the year ended 31 December 2014, calculated as follows:

Weighted average number of ordinary shares

	Number of shares	
	2014	2013
	’000	*’000*
Issued ordinary shares at 1 January	**1,000,000**	1,000,000
Effect of issue of shares upon placing on 26 June 2014	**103,013**	–
Effect of issue of shares upon placing on 7 October 2014	**38,425**	–
Weighted average number of ordinary shares at 31 December	**1,141,438**	1,000,000

There were no potential dilutive ordinary shares during the years ended 31 December 2014 and 2013 and, therefore, diluted earnings per share are the same as the basic earnings per share.

8 INVENTORIES

(a) Inventories in the consolidated statement of financial position comprise:

	2014	2013
	RMB’000	*RMB’000*
Raw materials	**178,445**	82,925
Work in progress	**35,293**	26,843
Finished goods	**83,790**	81,941
	297,528	191,709

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2014	2013
	RMB’000	*RMB’000*
Carrying amount of inventories sold	**522,818**	323,317

9 TRADE AND OTHER RECEIVABLES

	2014	2013
	RMB'000	*RMB'000*
Trade and bills receivables	**192,329**	103,712
Trade receivable from an associate	**8,100**	–
Amount due from a related company	**–**	6,155
Total trade receivables	**200,429**	109,867
Prepayment for raw materials	**62,938**	27,847
Deposits and other prepayments	**2,459**	1,661
Derivative financial instruments	**867**	2,071
Gross amount due from customers for contract work *(note (i))*	**2,781**	3,040
VAT recoverable	**5,112**	16,291
Other receivables	**4,074**	1,595
	278,660	162,372

Note:

(i) The aggregate amount of costs incurred plus recognised profits less recognised losses to date, included in the gross amount due from customers for contract work at 31 December 2014 was RMB21,108,000 (2013: RMB19,477,000). This balance includes retention receivables at 31 December 2014 of RMB1,582,000 (2013: RMB1,533,000), of which RMB386,000 (2013: RMB337,000) was expected to be recovered after more than one year.

All of the trade and other receivables, apart from those balances specified in (i) above, are expected to be recovered or recognised as expense within one year.

(a) Ageing analysis

As at 31 December 2014, the ageing analysis of trade and bills receivables (which are included in trade and other receivables), based on invoice date and net of allowances of doubtful debts, is as follows:

	2014	2013
	RMB'000	*RMB'000*
Within 1 month	**88,706**	65,411
1 to 2 months	**43,930**	21,222
2 to 3 months	**31,800**	12,446
Over 3 months	**35,993**	10,788
	200,429	109,867

Trade and bills receivables are normally due within 15 days to 3 months from the date of billing.

(b) Trade debtors that are not impaired

The ageing analysis of trade and bills receivables that are neither individually nor collectively considered to be impaired are as follows:

	2014	2013
	RMB'000	*RMB'000*
Current	**156,405**	97,764
Less than 1 month past due	**43,203**	11,948
1 to 3 months past due	**100**	3
More than 3 months but less than 12 months past due	**573**	–
More than 12 months past due	**148**	152
Amounts past due	**44,024**	12,103
	200,429	109,867

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

10 ENTRUSTED LOANS

As at 31 December 2014, the Group has entered into three (2013: nil) entrusted loan arrangements with an independent third party amounting to RMB6,000,000, RMB12,000,000 and RMB12,000,000, respectively, through a PRC state-owned bank. The loans are unsecured, interest-bearing at 10% per annum and repayable within one year. The entrusted loans were neither past due nor impaired.

11 TRADE AND OTHER PAYABLES

	2014	2013
	RMB'000	*RMB'000*
Trade payables	**3,167**	10,840
Receipts in advance	**2,015**	2,736
Derivative financial instruments	**1,247**	222
Amount due to a director	**769**	–
Amount due to a related company	**283**	–
Other payables and accruals	**11,875**	10,139
	19,356	23,937

All of the above balances are expected to be settled within one year or repayable on demand.

(a) A maturity analysis of the trade payables is as follows:

As at 31 December 2014, the maturity analysis of the trade payables balance is as follows:

	2014	2013
	RMB'000	*RMB'000*
Due within 1 month or on demand	**1,970**	2,317
Due after 1 month but within 3 months	**1,197**	8,523
	3,167	10,840

12 DIVIDENDS

(i) Dividends payable and proposed to equity shareholders of the Company attributable to the year:

	2014	2013
	RMB'000	*RMB'000*
Final dividend proposed after the end of the reporting period of HK$0.005 (equivalent to approximately RMB0.004) per ordinary share (2013: HK$0.013 (equivalent to approximately RMB0.0103) per ordinary share)	**5,409**	10,317

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year:

	2014	2013
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of HK$0.013 (equivalent to approximately RMB0.0103) per ordinary share (2013: HK$0.013 (equivalent to approximately RMB0.0105) per ordinary share)	**10,317**	10,540

MANAGEMENT DISCUSSION AND ANALYSIS

Results of operation

The year ended 31 December 2014 (the "Year") represented a year of significant developments of the Group. With our solid foundation on export business, a strengthened domestic retail business, a newly established timber trading business as well as the new biomass energy business, benefited by the gradually improved economy in the US, and the supportive policies on urbanisation and tourism in the PRC, vigorous market demand has shaped the growth of the Group. Accompanied by the corresponding increase in the Group's overall production capacity, turnover for the Year increased by 47.6% to RMB701.2 million (2013: RMB475.1 million).

Profit for the Year decreased by 27.0% to RMB90.8 million (2013: RMB124.4 million). Taken out the after tax effect of the gain on land resumption and government subsidies being recognised in 2013, profit for the Year increased by 8.3% to RMB80.2 million (2013: RMB74.0 million).

Business review

Segment review

During the Year, the performance of our business segments are as follows:

	Segment revenue derived from external customers		**Change**	**% to total segment revenue derived from external customers**		**Reportable segment profit/(loss)** *(Note 1)*	
	2014	2013		**2014**	2013	**2014**	2013
	RMB'000	*RMB'000*	%	%	%	*RMB'000*	*RMB'000*
Manufacturing and sales of wooden products	**659,016**	465,830	41.5%	**94.0%**	98.0%	**84,721**	82,164
Retail business	**24,245**	8,356	190.2%	**3.5%**	1.8%	**1,290**	(4,384)
Projects of outdoor wooden products	**1,469**	865	69.8%	**0.2%**	0.2%	**59**	(193)
Manufacturing and sales of renewable energy products	**16,501**	–	N/A	**2.3%**	N/A	**3,496**	–
	701,231	475,051		**100.0%**	100.0%	**89,566**	77,587

Note 1: Reportable segment profit/(loss) has excluded the after tax effect of government subsidies and land resumption.

During the Year, the Group continued to consolidate its core business, including the manufacturing and sales of wooden products, retail business and projects of outdoor wooden products. In March 2014, the Group's new renewable energy business has also commenced operations. The turnover contributions from the above four segments of the Group represented 94.0%, 3.5%, 0.2% and 2.3% of the total turnover of the Year (2013: 98.0%, 1.8%, 0.2% and Nil). Profit contribution from each segment to total reportable segment profit for the Year were 94.6%, 1.4%, 0.1% and 3.9% respectively, while the segment of trading business and projects outdoor wooden products has recorded a turn from loss to profit in 2014.

The segment of manufacturing and sales of wooden products remains the largest segment of the Group. The turnover from such segment has increased by 41.5% as compared with 2013, thanks to the increased demand from the overseas as well as the domestic market.

The Group's self-owned brand, "Merry Garden", is engaged in the retailing of a series of leisure household products. Since its establishment in 2010, its sales network covered the major cities in more than 10 provinces in the PRC with over 60 self-operated stores and distribution outlets. In early 2014, we launched our new self-owned brand in the US market and commenced online sales business through our website. In July 2014, the Group revamped its online sales platform on T-mall and tailor-made its interfaces for different product range. With the self-owned brand business becomes matured, the results of the retail business segment has been significantly improved. During the Year, turnover from the retail business segment surged by 190.2% to RMB24.2 million (2013: RMB8.4 million), and has shown a turn from loss to a profit of RMB1.3 million (2013: loss of RMB4.4 million)

The new segment of renewable energy products, which commenced operation and in full operation in March 2014 and the second half of 2014 respectively, had recorded a turnover of RMB16.5 million and a profit of RMB3.5 million respectively. This segment recycles the residues, such as sawdust produced during the production process of wooden products, and turn them into biomass pellet fuels, which is one of the most important national development directions on new energies in the PRC. Along with the increase in overall production capacities of the Group, a corresponding increase in the scale of renewable energy business is expected.

Market review

During the Year, the distribution of turnover from our global markets are as follows:

	Turnover		**% to total turnover**	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
The PRC	**390,886**	231,616	**56%**	49%
North America	**244,737**	165,141	**35%**	35%
Europe	**43,314**	30,205	**6%**	6%
Asia Pacific (Exclusive of the PRC)	**22,294**	48,089	**3%**	10%
	701,231	475,051	**100%**	100%

The Group strategically positions itself "to align with the trend of Chinese tourism and leisure market and to capture the opportunity arisen from the recovery of the US and Europe's property market", with a vision to capture every opportunity from the market and to bring the Group with stable development at a faster pace.

The PRC is the largest market of the Group. During the Year, turnover from the PRC market has grown by 68.8% to RMB390.9 million (2013: RMB231.6 million), represented 56% (2013: 49%) of total turnover. Such growth was a result of the vigorous development of the Chinese tourism industry and urbanisation, which in turns pull up the demand for the Group's products. According to the statistics from the National Tourism Administration, total accumulated revenue for the domestic tourism industry in 2013 reached RMB2.6 trillion, at the meantime, the rate of urbanisation has also reached 53.73%, which has been growing rapidly. Nevertheless, the Group's self-owned brand retail business has also been expanding gradually, which contributed to the growth in turnover.

According to the US Department of Commerce, in the year of 2014, new housing starts has reached 1.01 million units, which was the highest since 2007, as well as the fourth consecutive year of growth. Nevertheless, the economic growth of the US economy in 2014 has reached 2.4%, a new peak from the last four years. As a result of the continuously growing housing market as well as the economy in the US, the demand for the Group's timber houses structures products has been stimulated. This has brought the growth in the Group's turnover from the North American market by 48.2% to RMB244.7 million) (2013: RMB165.1 million), representing 35% (2013: 35%) of total turnover.

During the Year, the Group's turnover from Europe has also grown by 43.4% to RMB43.3 million (2013: RMB30.2 million). Germany was the major market of the Group in Europe. According to statistics from The Federal Statistical Office of Germany, the gross domestic products of Germany in 2014 has grown by 1.5%, which is above the expectation of 1.2% as well as the fastest growth since 2011. Domestic consumptions has also jumped by 1.1%, which indicates the solid performance of the overall German economy. The growth in employment rate, increase in salaries and expanded domestic spending has pull up the demand of the Group's products from the German market.

Financial review

Turnover and gross profit margin by product category

	Turnover			**% to total turnover**		**Gross margin**	
	2014	2013	Change	**2014**	2013	**2014**	2013
	RMB'000	*RMB'000*	%	**%**	%	**%**	%
Timber houses and their related parts and structures	**327,466**	205,916	59.0%	**46.7%**	43.4%	**25.5%**	34.7%
Leisure household products							
Outdoor and indoor furnitures	**116,302**	90,323	28.8%	**16.6%**	19.0%	**36.8%**	37.8%
Recreational products	**52,117**	61,841	(15.7%)	**7.4%**	13.0%	**34.4%**	34.4%
Landscape garden products	**39,809**	40,047	(0.6%)	**5.7%**	8.4%	**33.0%**	30.8%
Pet-home designs	**11,139**	22,183	(49.8%)	**1.6%**	4.7%	**34.8%**	38.5%
Trading of timber	**137,897**	54,741	151.9%	**19.7%**	11.5%	**5.3%**	7.0%
Renewable energy products	**16,501**	–	N/A	**2.3%**	N/A	**60.3%**	N/A
Total	**701,231**	**475,051**	**47.6%**	**100.0%**	**100.0%**	**25.4%**	**31.9%**

In terms of product category, sales of timber houses and their related parts and structures remained as the largest income stream of the Group. It is also the main driver for the growth in turnover for the Year. Turnover from such products surged by 59.0% to RMB327.5 million, representing 46.7% (2013: 43.4%) of total turnover for the Year. However, owing to the significant devaluation of the currencies of our major overseas competitors against US dollar, which resulted in repaid market competition, additional costs has been incurred for product modification in order to maintain stable product pricing and overall competitiveness of the Group, the overall gross margin from such products dropped by 9.2% as a remedy to the Group's overall competitiveness. The overall turnover from leisure household products was similar to that of 2013, while the overall gross margin has also remained stable.

During the Year, the Group has been actively developing its domestic timber trading business through its network with the domestic timber industry and overseas timber suppliers and by bulk purchase and price competitiveness. Such business represents another stable revenue streams of the Group.

The new renewable energy business of the Group has generated a turnover of RMB16.5 million during the Year, with a gross margin of 60.3%, which represents another important new source of income for the Group.

Other revenue

Other revenue decreased to RMB17.9 million for the Year from RMB23.1 million for 2013 as a result of the recognition of deferred government subsidies of RMB4.5 million in 2013 upon land resumption.

Other net gain

The Group recorded other net gain of RMB2.2 million for the Year (2013: RMB48.7 million). The decrease was primarily a result of the recognition of gain from land resumption amounted to RMB44.8 million in 2013.

Selling and distribution expenses

Our selling and distribution expenses during the Year was RMB21.7 million (2013: RMB13.8 million). The increase was primarily due to the increase in transportation charges and port charges along with the increase in sales and expansion in timber trading business.

Administrative expenses

Our administrative expenses increased to RMB56.3 million during the Year (2013: RMB47.0 million), which is a result of the increase in staff costs and research and development costs.

Finance costs

Our finance costs increased to RMB11.3 million during the Year (2013: RMB5.5 million), which was mainly due to the increase in bank and other interest-bearing borrowings during the Year as a result of the continuous expansion of business operation.

Income tax

Our income tax reached RMB18.3 million (2013: RMB32.8 million), primarily due to the decrease in overall taxable profits of the Group. Zhangping Kimura is qualified as a High and New Technology Enterprise, and it is entitled to the preferential corporate income tax rate of 15% from 2013 to 2015. Effective tax rate decreased to 16.8% for the Year (2013: 20.9%) as the gain from land resumption recognised in 2013 was charged at the standard corporate income tax rate of 25%.

Profit for the Year

As a result of the foregoing factors, profit for the Year decreased by 27.0% to RMB90.8 million (2013: RMB124.4 million). Profit for the year excluding the after tax effect of gain from land resumption and government subsidies increased by 8.3% to RMB80.2 million (2013: RMB74.0 million).

Liquidity and capital resources

The Group principally meets its working capital and other liquidity requirements through operating cash flows and proceeds from bank borrowings. As at 31 December 2014, the Group had current assets of RMB880.7 million (31 December 2013: RMB498.8 million), of which bank deposits and cash (including pledged deposits) were RMB273.4 million (31 December 2013: RMB143.7 million). To better manage our funds, the Group's cash is deposited with banks and financial institutions, and they are denominated mostly in RMB and US$. As at 31 December 2014, total available banking facilities of the Group amounted to RMB555.0 million (31 December 2013: RMB489.3 million), banking facilities utilised as at 31 December 2014 were RMB397.3 million (31 December 2013: RMB264.7 million) and these bank borrowings were denominated in RMB and US$.

As at 31 December 2014, the ratio of total borrowings to total assets and net borrowings to total equity of the Group were 32.2% and 17.5% respectively (31 December 2013: 32.8% and 25.4% respectively), current ratio and quick ratio were 2.2:1 and 1.5:1 respectively (31 December 2013: 1.7:1 and 1.1:1 respectively).

Pledge of assets

At 31 December 2014, the Group had pledged its plant and machinery, lease prepayments and buildings held for own use with net book value of RMB193.6 million (31 December 2013: RMB114.6 million) and deposits with banks of RMB99.3 million (31 December 2013: RMB68.6 million) mainly for the purpose of securing bank loans and financial derivative contracts issued by banks to the Group.

Significant investment, material acquisitions and disposals of subsidiaries, future plans for material investments or acquisition of capital assets

During the Year, there was no significant investment, material acquisitions and disposal of subsidiaries by the Group. The Group currently has no plan to make any substantial investment in or acquisition of capital assets, but will seek for potential opportunities of acquisitions according to development needs.

Foreign currency risks

The Group's sales are mainly denominated in US$ and RMB while our cost of sales and operating expenses are mainly denominated in RMB. The gross profit margin would be affected if RMB appreciates against US$ as the Group might not be able to reflect the appreciation in selling prices to overseas customers that were determined in US$. In response to this, the Group manages the fluctuations in the exchange rate of RMB against US$ by entering into foreign currency forward contracts denominated in US$ with banks when sales contracts were entered with overseas customers. As at 31 December 2014, the Group has net outstanding US$ denominated forward foreign currency contracts of US$20.6 million (31 December 2013: US$19.1 million). All the contracts are to be settled within one year.

With the increasing level of our overseas purchases, the Group also manages the foreign exchange risks by matching the cash inflow from our export sales denominated in US$ with the cash outflow from our import of timber denominated in US$.

Use of net proceeds from the global offering and placing

The shares of the Company were listed on the Main Board of the Stock Exchange on 6 July 2012. Net proceeds from the global offering were approximately HK$144.3 million (after deducting the underwriting commission and relevant expenses).

On 26 June 2014, the Company issued 200,000,000 new ordinary shares of HK$0.01 each at HK$0.80 per share by way of placing (the "June 2014 Placement"). On 7 October 2014, the Company issued 165,000,000 new ordinary shares of HK$0.01 each at HK$0.93 per share by way of placing (the "October 2014 Placement"). The net proceeds from the issue of new shares under the June 2014 Placement and October 2014 Placement, after deducting related transaction costs, were HK$155.0 million and HK$148.0 million respectively.

As at 31 December 2014, all the unutilised proceeds were deposited in licensed banks in Hong Kong and the PRC. A breakdown of the use of net proceeds is set forth in the table below:

	Establishing new production facilities *HK$' million*	Establishing own-brand self-operated store network *HK$' million*	Merger and acquisition of small to medium sized companies, other timber processing plants, and/or other resources *HK$' million*	Own-brand promotion and other marketing events *HK$' million*	Increasing and enhancing our research and development activities *HK$' million*	General working capital *HK$' million*	Total *HK$' million*
From global offering							
Amount of net proceeds	41.8	39.8	27.9	11.1	9.8	13.9	144.3
Percentage to total net proceeds	29.0%	27.6%	19.3%	7.7%	6.8%	9.6%	100.0%
Utilised amount as at 31 December 2014	41.8	39.8	1.1	11.1	9.8	13.9	117.5
Unutilised amount as at 31 December 2014	–	–	26.8	–	–	–	26.8
From June 2014 Placement							
Amount of net proceeds	125.0	N/A	N/A	N/A	N/A	30.0	155.0
Percentage to total net proceeds	80.6%	N/A	N/A	N/A	N/A	19.4%	100.0%
Utilised amount as at 31 December 2014	98.3	N/A	N/A	N/A	N/A	30.0	128.3
Unutilised amount as at 31 December 2014	26.7	N/A	N/A	N/A	N/A	–	26.7
From October 2014 Placement							
Amount of net proceeds	73.0	N/A	50.0	N/A	N/A	25.0	148.0
Percentage to total net proceeds	49.3%	N/A	33.8%	N/A	N/A	16.9%	100.0%
Utilised amount as at 31 December 2014	–	N/A	–	N/A	N/A	12.5	12.5
Unutilised amount as at 31 December 2014	73.0	N/A	50.0	N/A	N/A	12.5	135.5

Human resources

As at 31 December 2014, we employed a total of 601 full time employees, mainly in the PRC and Hong Kong which included management staff, product designers, technicians, salespersons and workers. The Group's total expenses on the remuneration of employees for the Year were RMB33.8 million (2013: RMB29.1 million), representing 4.8% (2013: 6.1%) of the turnover of the Group. The Group has been consistently enhancing production process automation, and strengthening the training to staffs wish an emphasis on high-technique processing with a mission on the continuous development and enhancing of competitiveness of our staffs. The Group offered highly competitive salary package, as well as discretionary bonuses and contribution to social insurance to its employees.

The Group's emolument policies are formulated based on the performance of individual employee which will be reviewed periodically. Apart from the provident fund scheme (operation in accordance with the provisions of the Mandatory Provident Fund Schemes Ordinance for Hong Kong employees) or social insurance (including retirement pension insurance, medical insurance, unemployment insurance, injury insurance and maternity insurance for the PRC employees), discretionary bonuses are also awarded to employees according to the assessment of individual performance. Since the adoption of the share option scheme on 15 June 2012 and up to 31 December 2014, no options have been granted.

Events after the reporting period

Up to the date of this announcement, the Group has no material events after the reporting period.

Prospects

The economy of the US has shown continuous improvement, accompanied with higher new housing starts, the housing market of the US will be driven up with continuous growth. Currently, market of the home building materials in the US reached US$3 trillion. According to the forecast from the US Home Improvement Research Institute, the home building materials industry is expected to grow strongly in the coming three years. The Group will get hold of the opportunities from the North American and European markets, to expand our direct sales and distribution network internationally through potential merger and acquisition for the further expansion of our share in the international markets.

Domestically, the new model of urbanisation and the revolution to the tourism industry which have been promoted by the PRC government is expected to create a magnificent market. With the expectation from the PRC government that the urbanisation process will attract RMB40 trillion of investment over the next 10 years, while the revenue from domestic tourism shall reach RMB5.5 trillion by 2020, a market with rapid growth is indicated. The Group will focus on developing one-stop service on leisure tourism facilities, with an emphasis on the businesses and investment opportunities related to the "Beautiful China" campaign led by the PRC government.

The globalised e-commerce represents a new opportunity to the Group. The Group will utilise its online platforms, in order to further expand our business coverage to the end users globally, and to bring our "Merry Garden" brand to the world.

The Group will continue to optimise its technologies in wood modification. Through our research and development on technologies and applications, we will make application of the most advanced wood modification technologies (such as anti-corrosive and fire-retardant processing and radiation processing) to the Group's products, making the Group's products more environmental friendly, higher value-added and unique. In addition, the continued development of our biomass energy business will not only enhance our production efficiency, but also lead the Group to the magnificent market of new energies in the PRC.

The Third Phase production facilities which is expected to be in use and commenced operations in 2015 will utilise the state of the art production technologies for new and high value-added products. Accompanied by the advanced residual materials collection facilities for the production of renewable energy products, production efficiency and returns will be significantly improved. Such facilities will bring the Group additional 40% production capacity to cope with the significant market demand.

The Group will adopt an active and flexible strategy, to ensure the stable growth of the Group with a faster pace and to build up an ecological and environmentally-friendly leisure lifestyle.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2014.

PLACING OF SECURITIES

For the purpose of raising capital while broadening the shareholder base and capital base of the Company, on 18 June 2014 and 23 September 2014, the Company entered into the agreements with Green Seas Capital Limited ("Green Seas"), a company wholly-owned by Mr. Wu Zheyan, and Guotai Junan Securities (Hong Kong) Limited, for the placing and subscription of the shares of the Company.

Pursuant to the placing and subscription agreement entered into on 18 June 2014, 200,000,000 ordinary shares held by Green Seas ("2014 June Placing Shares") were placed to not less than six independent placees by way of top-up placing at HK$0.80 per Placing Share on 23 June 2014. The price per 2014 June Placing Share represents a discount of approximately 3.61% to the closing price of HK$0.83 per share as quoted on the Stock Exchange on 18 June 2014. On 26 June 2014, Green Seas subscribed 200,000,000 ordinary shares issued by the Company which represented an aggregate nominal value of HK$2,000,000 at a subscription price of HK$0.80 for each share. Net proceeds from the placing of shares were approximately HK$155.0 million after related share issue expenses, which represented approximately HK$0.775 per share.

Pursuant to the placing and subscription agreement entered into on 23 September 2014, 165,000,000 ordinary shares held by Green Seas ("2014 September Placing Shares") were placed to not less than six independent placees by way of top-up placing at HK$0.93 per 2014 September Placing Share on 26 September 2014. The price per 2014 September Placing Share represents a discount of approximately 3.1% to the closing price of HK$0.96 per share as quoted on the Stock Exchange on 23 September 2014. On 7 October 2014, Green Seas subscribed 165,000,000 ordinary shares issued by the Company which represented an aggregate nominal value of HK$1,650,000 at a subscription price of HK$0.93 for each share. Net proceeds from the placing of shares were approximately HK$148.0 million after related share issue expenses, which represented approximately HK$0.897 per share.

The Directors consider that it is in the interests of the Company to raise capital from the equity market in order to enhance the capital base of the Company. The usage of the net proceeds raised under the two subscriptions above are disclosed in the paragraph headed "Management Discussion and Analysis — Financial review — Use of net proceeds from the global offering and placing" in this announcement.

ISSUE OF UNLISTED DEBENTURES

On 29 August 2014, the Company entered into two subscription agreements with two subscribers for debentures with an aggregate principal of HK$20.0 million due 29 August 2017. The debentures are unsecured, unlisted and not convertible into securities of the Company. The Directors consider that the issue of the debentures is an appropriate means of raising additional capital for the Company since it will not have any dilution effect on the shareholding of the existing shareholders. The net proceeds received by the Company was HK$19.9 million.

CORPORATE GOVERNANCE CODE

During the year ended 31 December 2014, the Company was in full compliance with the code provisions set out in the Corporate Governance Code, except for the deviations from the code provisions A.1.1 and A.2.1.

The code provision A.1.1

Pursuant to code provision A.1.1 of the Corporate Governance Code, the Board meetings should be held at least four times a year at approximately quarterly intervals. The Board only held two meetings during the year ended 31 December 2014 as other matters of the Board were dealt with by written resolutions.

The code provision A.2.1

Pursuant to code provision A.2.1 of the Corporate Governance Code, the role of chairman and chief executive should be separated and should not be performed by the same individual. As the duties of chairman and chief executive of the Company are performed by Mr. Wu Zheyan, the Company has deviated from the code provision. The Board believes that it is necessary to vest the roles of chairman and chief executive in the same person due to its unique role, Mr. Wu Zheyan's experience and established market reputation in the industry, and the importance of Mr. Wu Zheyan in the strategic development of the Company. The dual role arrangement provides strong and consistent market leadership and is critical for efficient business planning and decision making of the Company. As all major decisions are made in consultation with the members of the Board, and there are three independent non-executive Directors on the Board offering independent perspectives, the Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board. The Board will also continue to review and monitor the practices of the Company for the purpose of complying with the Corporate Governance Code and maintaining a high standard of corporate governance practices of the Company.

MODEL CODE

The Company has adopted the Model Code as its own code of conduct for dealing in securities of the Company by the Directors.

Specific enquiries have been made with the Directors, and all Directors confirmed in writing that they have complied with the required standards set out in the Model Code regarding their securities transactions for the year ended 31 December 2014.

REVIEW OF ANNUAL RESULTS

The Group's annual results for the year ended 31 December 2014 have been reviewed by the audit committee of the Company.

SCOPE OF WORK PERFORMED BY AUDITORS

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2014 have been compared by the Company's auditors, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect was limited and did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by the auditors on this announcement.

FINAL DIVIDENDS

The Board has proposed to declare a final dividend of HK$0.005 (equivalent to approximately RMB0.004) per Share for the year ended 31 December 2014 payable to the Shareholders whose names appear on the register of members of the Company on 20 May 2015. The total payout will amount to HK$6.8 million (equivalent to approximately RMB5.4 million).

BONUS ISSUE

The Board recommended that subject to the approval by the Shareholders at the Annual General Meeting, bonus shares will be issued on the basis of one bonus share for every 100 Shares held to shareholders whose names appear on the register of members on 20 May 2015.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from 8 May 2015 to 12 May 2015 (both days inclusive), during which period no transfer of Shares can be registered. In order to qualify for attending and voting at the Annual General Meeting, all transfer of Shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration by not later than 4:30 p.m. on 7 May 2015.

In order to determine the entitlement to the final dividends for the year ended 31 December 2014 and the bonus issue, the register of members of the Company will be closed from 18 May 2015 to 20 May 2015 (both days inclusive), during which period no transfer of Shares can be registered. In order to qualify for the final dividends for the year ended 31 December 2014, all transfer of Shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration by not later than 4:30 p.m. on 15 May 2015.

GENERAL

A circular containing, inter alia, the information required by the Listing Rules, together with the notice of the Annual General Meeting, will be despatched to the Shareholders in due course.

PUBLICATION OF ANNUAL RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement is published on the Company's and the Stock Exchange's websites. The Company's annual report for the year ended 31 December 2014 in accordance with the relevant requirements of the Listing Rules will be dispatched to the Shareholders and published on the Company's and the Stock Exchange's websites in due course.

DEFINITIONS

"Annual General Meeting"	an annual general meeting of the Company to be held on 12 May 2015 or any adjournment thereof
"Board"	the board of Directors
"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
"Corporate Governance Code"	Corporate Governance Code contained in Appendix 14 to the Listing Rules
"Directors"	the directors of the Company
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	The Hong Kong Special Administrative Region of the PRC
"Land Reserve Centre"	Zhangping Land Reserve Centre (漳平市土地收購儲備中心), an administrative body of the local governmental authority at Zhangping, Fujian province, the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
"PRC" or "China"	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
"Record Date"	20 May 2015, being the date for determining the entitlement to the bonus issue
"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

"US"	The United States of America
"US$"	United States dollars, the lawful currency of the United States of America
"Zhangping Kimura"	Fujian Zhangping Kimura Forestry Products Co., Ltd. (福建省漳平木村林產有限公司), an indirectly wholly-owned subsidiary of the Company
"%"	per cent.

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

Hong Kong, 26 March 2015

As at the date of this announcement, the executive directors of the Company are Mr. Wu Zheyan, 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.