

JIA MENG HOLDINGS LIMITED

家夢控股有限公司

(a company incorporated in the Cayman Islands with limited liability)

Stock Code: 8101



Interim Report
2013

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (the “Directors”) of Jia Meng Holdings Limited (the “Company”) collectively and individually accept full responsibilities, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “GEM Listing Rules”) of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading or deceptive; and (2) there are no other matters the omission of which would make any statement in this report misleading.

CONTENTS

	PAGE(S)
CORPORATE INFORMATION	3
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	5
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	7
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	9
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	10
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	11
MANAGEMENT DISCUSSION AND ANALYSIS	22
OTHER INFORMATION	25

CORPORATE INFORMATION

PRC OFFICE

Min Ying Industrial Zone, Shitan,
Zeng Cheng, Guangdong, the PRC

HONG KONG OFFICE

Unit 33, L1 Floor, Mirror Tower, 61 Mody
Road, Tsim Sha Tsui East, Kowloon, Hong
Kong

WEBSITE

www.jmbedding.com

BOARD OF DIRECTORS

Mr. Tse Woon Mo, William (*Chairman*)
Mr. Chan Wing Kit (*Chief Executive Officer*)
Mr. Ng Yat Cheung, JP
Mr. Zhu Xiaobing
Mr. Chan Wai Cheung, Admiral

AUTHORISED REPRESENTATIVES

Mr. Chan Wing Kit
Mr. Chui See Lai

COMPANY SECRETARY

Mr. Chui See Lai

COMPLIANCE OFFICER

Mr. Chui See Lai

AUDIT COMMITTEE

Mr. Chan Wai Cheung, Admiral (*Chairman*)
Mr. Ng Yat Cheung, JP
Mr. Zhu Xiaobing

NOMINATION COMMITTEE

Mr. Zhu Xiaobing (*Chairman*)
Mr. Ng Yat Cheung, JP
Mr. Chan Wai Cheung, Admiral

REMUNERATION COMMITTEE

Mr. Ng Yat Cheung, JP (*Chairman*)
Mr. Zhu Xiaobing
Mr. Chan Wai Cheung, Admiral

COMPLIANCE ADVISER

Kingsway Capital Limited
7th Floor, Tower One, Lippo Centre
89 Queensway, Hong Kong

AUDITOR

BDO LIMITED

LEGAL ADVISERS

DLA Piper Hong Kong

THE CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Trust Company (Cayman) Limited

CORPORATE INFORMATION



HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
26/F, Tesbury Centre, 28 Queen's Road East
Wan Chai, Hong Kong

PRINCIPAL BANKERS

Agricultural Bank of China
Industrial and Commercial Bank of China
Construction Bank of China

STOCK CODE

8101

The Board of Directors (the "Board") of the Company announced the unaudited consolidated financial results of the Company and its subsidiaries (the "Group") for the three months and six months ended 30 September 2013, together with the comparative figures, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 September 2013

	NOTES	Three months ended 30 September		Six months ended 30 September	
		2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)
Revenue	6	35,040	28,220	61,469	55,350
Cost of sales		(25,558)	(20,131)	(45,219)	(39,406)
Gross profit		9,482	8,089	16,250	15,944
Other income		71	228	116	393
Selling and distribution expenses		(2,118)	(1,184)	(3,671)	(2,258)
Administrative expenses		(7,407)	(4,487)	(9,437)	(6,020)
Research expenses		(1,176)	(511)	(2,524)	(1,007)
Finance costs	8	—	—	—	(3)
(Loss)/profit before income tax	7	(1,148)	2,135	734	7,049
Income tax expenses	9	(1,550)	(2,386)	(2,035)	(4,350)
(Loss)/profit for the period		(2,698)	(251)	(1,301)	2,699
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Exchange differences arising on translation of financial statements of foreign operations		394	(13)	1,525	(121)
Total comprehensive income for the period		(2,304)	(264)	224	2,578

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 September 2013

	NOTES	Three months ended 30 September		Six months ended 30 September	
		2013	2012	2013	2012
		HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
(Loss)/profit for the period attributable to:					
— Owners of the Company		(2,728)	(293)	(1,349)	2,623
— Non-controlling interests		30	42	48	76
		(2,698)	(251)	(1,301)	2,699
Total comprehensive income for the period attributable to:					
— Owners of the Company		(2,338)	(306)	161	2,503
— Non-controlling interests		34	42	63	75
		(2,304)	(264)	224	2,578
(Loss)/earnings per share for (loss)/profit attributable to owners of the Company during the period	10				
— Basic		HK(3.9) cents	HK(0.4) cent	HK(1.9) cent	HK3.7 cents
— Diluted		N/A	N/A	N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2013

	NOTES	30 September 2013 HK\$'000 (unaudited)	31 March 2013 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	12	9,060	9,144
Prepaid premium for land leases		6,677	6,633
Total non-current assets		15,737	15,777
Current assets			
Inventories		4,673	2,344
Trade and other receivables	13	38,096	35,538
Amounts due from related parties		2,079	2,737
Cash and cash equivalents		34,082	38,291
Total current assets		78,930	78,910
Total assets		94,667	94,687
Current liabilities			
Trade and other payables	14	31,073	30,035
Amounts due to related parties		10,294	10,049
Tax payables		—	1,534
Total current liabilities		41,367	41,618
Net current assets		37,563	37,292
Total assets less current liabilities		53,300	53,069
Non-current liabilities			
Deferred tax liabilities		290	283
Total liabilities		41,657	41,901
NET ASSETS		53,010	52,786

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2013

	NOTES	30 September 2013 HK\$'000 (unaudited)	31 March 2013 HK\$'000 (audited)
EQUITY			
Share capital	15	2	10
Reserves		52,084	51,915
Equity attributable to owners of the Company		52,086	51,925
Non-controlling interests		924	861
TOTAL EQUITY		53,010	52,786

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2013

	Unaudited							
	Equity attributable to owners of the Company					Total	Non-controlling interests	Total equity
	Share capital	Merger reserves	Statutory reserves	Translation reserves	Retained earnings			
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 April 2012	10	—	3,346	8,801	29,045	41,202	704	41,906
Profit for the period	—	—	—	—	2,623	2,623	76	2,699
Other comprehensive income —								
Exchange differences arising on translation of financial statements of foreign operations	—	—	—	(120)	—	(120)	(1)	(121)
Total comprehensive income for the period	—	—	—	(120)	2,623	2,503	75	2,578
At 30 September 2012	10	—	3,346	8,681	31,668	43,705	779	44,484
At 1 April 2013	10	—	5,033	9,055	37,827	51,925	861	52,786
Arising from Reorganisation	(8)	8	—	—	—	—	—	—
(Loss)/profit for the period	—	—	—	—	(1,349)	(1,349)	48	(1,301)
Other comprehensive income —								
Exchange differences arising on translation of financial statements of foreign operations	—	—	—	1,510	—	1,510	15	1,525
Total comprehensive income for the period	—	—	—	1,510	(1,349)	161	63	224
At 30 September 2013	2	8	5,033	10,565	36,478	52,086	924	53,010

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2013

	Six months ended 30 September	
	2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)
Net cash (used in)/generated from operating activities	(4,529)	29,540
Net cash used in investing activities	(797)	(455)
Net cash used in financing activities	(203)	(24,614)
Net (decrease)/increase in cash and cash equivalents	(5,529)	4,471
Cash and cash equivalents at beginning of period	38,291	32,069
Effect of foreign exchange rates, net	1,320	(163)
Cash and cash equivalents at end of period	34,082	36,377

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2013

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 26 July 2012, as an exempted company with limited liability under the Companies Law Cap. 22 of the Cayman Islands. The address of its registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of its principal place of business is located at Unit 33, L1 Floor, Mirror Tower, 61 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong.

The Company's shares were listed on GEM of the Stock Exchange on 15 October 2013 (the "Listing"). The Company is an investment holding company. The principal activity of the Group is design, manufacture and sale of mattress and soft bed products in the People's Republic of China (the "PRC") and export mattress to overseas markets.

The condensed consolidated financial statements are presented in Hong Kong dollar ("HK\$"), which is the same as the functional currency of the Company.

2. GROUP REORGANISATION AND BASIS OF PRESENTATION

Through a reorganisation (the "Reorganisation") to rationalise the structure of the Group in preparation for the listing of the Company's shares on GEM of the Stock Exchange, the Company has since 26 September 2013 become the holding company of its subsidiaries now comprising the Group. Details of the Reorganisation are fully explained in the paragraphs headed "Reorganisation" of the section headed "History and Corporate Structure" to the prospectus of the Company dated 30 September 2013 (the "Prospectus") in connection with the Listing.

As the Reorganisation only involved inserting a new holding entity at the top of existing holding company and has not resulted in any change of economic substances, the interim financial information has been presented as a continuance of the existing group using the merger accounting.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2013

2. GROUP REORGANISATION AND BASIS OF PRESENTATION

(Continued)

Accordingly, the condensed consolidated statement of comprehensive income of the Group for the three months and six months ended 30 September 2013 and 2012 and the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows of the Group for the six months ended 30 September 2013 and 2012 have included the results, changes in equity and cash flows of the companies now comprising the Group from the earliest date presented or since their respective dates of incorporation/establishment or acquisition, whichever was shorter, as if the current group structure had been in existence throughout those periods. The condensed consolidated statement of financial position of the Group as of 31 March 2013 has been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence at that date.

3. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirement of the GEM Listing Rules.

The interim financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the accountants’ report included in the Prospectus. The interim financial information of the Group has not been audited by the Company’s auditors, but have been reviewed by the Company’s audit committee.

4. ACCOUNTING POLICIES

The accounting policies used in the preparation of the interim financial information are consistent with those used in the accountants’ report in the Prospectus except for the adoption of the standards, amendments and interpretations issued by the HKICPA mandatory for annual periods beginning on 1 April 2013. The effect of the adoption of these standards, amendments and interpretations was not material to the Group’s results of operations or financial position.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2013

5. SEGMENT INFORMATION

(a) Reportable segments

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions. The Group principally operates in one business segment, which is the design, manufacture and sale of mattress and soft bed products in the PRC and export mattress to overseas markets.

(b) Geographic information

The following table provides an analysis of the Group's revenue from external customers. The Group's non-current assets are situated in the PRC.

	Three months ended 30 September		Six months ended 30 September	
	2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)
Revenue from external customers				
PRC	20,318	16,590	30,568	33,021
Other countries	14,722	11,630	30,901	22,329
	35,040	28,220	61,469	55,350

(c) Information about a major customer

No single customer accumulated more than 10% of the Group's revenue for the three months and six months ended 30 September 2013 and 2012.

6. REVENUE

Revenue represented the net invoiced value of goods sold, net of allowances for returns, trade discounts and value-added tax.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2013

7. (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/profit before income tax is arrived at after charging:

	Three months ended 30 September		Six months ended 30 September	
	2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)
Cost of inventories recognised as expenses	25,558	20,131	45,219	39,406
Listing expenses (including professional fees and other expenses)	5,628	2,616	5,628	2,616
Depreciation of property, plant and equipment	272	260	558	521
Amortisation of prepaid premium for land leases	40	39	86	79
Operating lease charges on rented premises	138	—	277	—
Staff costs (including directors' remuneration):				
— Wages, salaries and bonus	2,222	2,220	4,452	4,246
— Contribution to defined contribution plans	335	345	636	552
	2,557	2,565	5,088	4,798

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2013

8. FINANCE COSTS

	Three months ended 30 September		Six months ended 30 September	
	2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)
Interest of bank borrowing	—	—	—	3

9. INCOME TAX EXPENSE

	Three months ended 30 September		Six months ended 30 September	
	2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)
Income tax expense				
— PRC current	1,550	2,386	2,035	4,350

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements as the Group had no assessable profits arising from Hong Kong for both periods.

Under the Law of the People's Republic of China (the "PRC") on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the Enterprise Income Tax rate applicable to the Group's subsidiaries in the PRC is 25%.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2013

10. (LOSS)/EARNINGS PER SHARE

The calculation of the basic (loss)/earnings per share for the three months and six months ended 30 September 2013 and 2012 is based on the (loss)/profit attributable to the owners of the Company and the weighted average number of ordinary shares in issue during the three months and six months ended 30 September 2013 and 2012 on the assumption that 70,000,000 shares of HK\$0.1 each, representing the number of shares of the Company immediately after the Reorganisation and the capitalisation issue as disclosed in Appendix V to the Prospectus but excluding any shares to be issued pursuant to the placing, had been effective on 1 April 2012.

No diluted earnings per share is calculated for the three months and six months ended 30 September 2013 and 2012 as there were no dilutive potential ordinary shares in existence.

11. DIVIDEND

The Board does not recommend the payment of any dividend for the six months ended 30 September 2013 (2012: Nil).

12. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2013, the Group spent approximately HK\$797,000 (six months ended 30 September 2012: approximately HK\$455,000) on acquisition of property, plant and equipment. There was no material disposal during both periods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2013

13. TRADE AND OTHER RECEIVABLES

	30 September 2013 HK\$'000 (unaudited)	31 March 2013 HK\$'000 (audited)
Trade receivables	20,323	23,873
Other receivables	13,283	6,544
Prepayments	4,490	5,121
	38,096	35,538

The Group did not hold any collateral as security or other credit enhancements over the trade receivables. The credit period on sales of goods for recurring customers are 30 to 90 days from invoice date.

The ageing analysis of trade receivables based on the invoice date as of the end of reporting period is as follows:

	30 September 2013 HK\$'000 (unaudited)	31 March 2013 HK\$'000 (audited)
Within 3 months	15,465	20,049
More than 3 months	4,858	3,824
	20,323	23,873

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2013

14. TRADE AND OTHER PAYABLES

	30 September 2013 HK\$'000 (unaudited)	31 March 2013 HK\$'000 (audited)
Trade payables	13,119	18,189
Other payables and accruals	11,339	5,670
Receipt in advance	6,615	6,176
	31,073	30,035

The ageing analysis of the trade payables of the Group based on the invoice date as of the end of reporting period is as follows:

	30 September 2013 HK\$'000 (unaudited)	31 March 2013 HK\$'000 (audited)
Within 3 months	12,379	16,804
More than 3 months	740	1,385
	13,119	18,189

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2013

15. SHARE CAPITAL

	Number of ordinary shares	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.1 each at 26 July 2012 (date of incorporation), 31 March 2013 and 30 September 2013	300,000,000	30,000,000
Issued and fully paid:		
Issue of shares	10,000	1
Arising from share swap (note (i))	10,000	1
At 30 September 2013	20,000	2

- (i) Pursuant the Reorganisation, a share swap was conducted whereby the shareholders of Grandeur Industries Limited ("Grandeur") transferred their entire shareholdings in Grandeur to Jia Meng Limited in exchange for shares of the Company.

16. CAPITAL COMMITMENTS

The Group did not have any significant capital commitments as at 30 September 2013.

17. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 September 2013.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2013

18. RELATED PARTY TRANSACTIONS

The Group had the following material transactions with related parties during the period:

Name of the related parties	Nature of transactions	Six months ended 30 September	
		2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)
Hong Kong Royal Furniture Holding Limited ("HK Royal Furniture") (note (i)) and Wanlibao (Guangzhou) Furniture Limited ("Wanlibao") (note (ii))	Licence fees to	377	369
Guangzhou Yufa Furniture Company Limited ("Yufa") (note (ii))	Rental income received from	—	75
Wanlibo (note (ii))	Rental income received from	—	77
Guangzhou Fuli Furniture Company Limited ("Fuli") (note (ii))	Rental income received from	—	77
Signature Industries Limited ("Signature") (note (ii))	Purchases from	—	1,130

- (i) HK Royal Furniture directly held 38% equity interest of Grandeur and the Company immediately before and after the Reorganisation respectively with significant influence. It is also a wholly-owned subsidiary of Royale Furniture Holdings Limited ("Royale").
- (ii) Wanlibao, Yufa, Fuli and Signature are subsidiaries of Royale.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2013

19. OPERATING LEASE COMMITMENTS

The Group leases certain office premises under operating lease arrangement, with lease terms of within two years. At the end of each reporting period, the Group has future minimum rental payable under non-cancellable operating lease falling due as follows:

	30 September 2013 HK\$'000 (unaudited)	31 March 2013 HK\$'000 (audited)
Within one year	510	505
Within two to five years	—	218
	510	723

20. EVENTS AFTER THE END OF REPORTING PERIOD

On 15 October 2013, 30,000,000 shares of HK\$0.1 each of the Company were issued at an issue price of HK\$1.15 each by way of placing (the "Placing").

Pursuant to resolutions in writing passed by the shareholders of the Company on 26 September 2013, a sum of HK\$6,998,000 standing to the credit of the share premium account of the Company as a result of the Placing was capitalised and applied in paying up in full at par 69,980,000 shares of the Company and these shares were allotted and issued to the shareholders whose names appear on the register of members of the Company at the close of business on 30 September 2013 in proportion to their then existing respective shareholdings.

All the above shares of the Company issued rank pari passu with other shares of the Company in issue in all respects.

The Company successfully listed its shares on GEM of the Stock Exchange on 15 October 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM DIVIDEND

The Board does not recommend the payment of any dividend for the six months ended 30 September 2013 (2012: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

During the period, the turnover of the Group for the six months ended 30 September 2013 was approximately HK\$61.5 million, representing an increase of approximately 11.1% as compared to the same period in the previous year. The increase in turnover was mainly due to our effort in emphasising sales of soft beds in domestic markets, and the increasing demand of mattresses from the overseas markets.

For the six months ended 30 September 2013, the Group achieved an overall gross profit of approximately HK\$16.3 million, representing an increase of approximately HK\$0.3 million over the corresponding period in previous year. Gross profit margin for the six months ended 30 September 2013 decreased to 26.4% from 28.8% recorded in the corresponding period in the previous year. The decrease in gross profit margin was mainly due to increased demand of mattresses from our overseas customers which carry a lower profit margin compared with domestic sales of mattress.

The administrative expenses of the Group primarily comprised of expenses incurred for the Listing, staff costs and social insurance cost. For the six months ended 30 September 2013, the Group's administrative expenses increased to approximately HK\$9.4 million compared to approximately HK\$6.0 million for the corresponding period of last year, representing an increase of approximately 56.8%. The increase was mainly attributed to incurred listing expenses approximately HK\$5.6 million (2012: HK\$2.6 million).

Selling and distribution expenses for the six months ended 30 September 2013 was approximately HK\$3.7 million (2012: HK\$2.3 million). Selling and distribution expenses increased which was mainly due to increase in exhibition expenses and custom duties.

Business Review and Prospect

In view of decreasing demand in the branded mattress in the PRC market, the Group is working on increasing the sales from other channels such as sales of mattress from overseas and sales of soft bedding products domestically.

Albeit the overseas markets are improving of a slow pace, the Group has successfully increased its export sales during the interim period through our participation of furniture exhibition. In order to capture more overseas business, we shall continue to focus on market research to ensure that our product pricing remains competitive.

Over 40 new Sofia/Ksnet stores have been opened by domestic retailers during the period under review.

Looking forward, the Group will continue to expand our sales channels for our mattress and soft bedding products. Also, we are committed to channel more resources in promoting our own brand "Sofia" and "Ksnet" in China and further expanding our sales network in China.

FOREIGN EXCHANGE EXPOSURE

Our Group has foreign currency exposures. Such exposures mainly arise from the balance of assets and liabilities in currencies other than the respective functional currencies of our Company and its subsidiaries. Currently, the Group does not maintain any hedging policy with respect to these foreign currency exposures.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its daily operations from internally generated cash flows. The Group has no borrowings or material capital commitments as at 30 September 2013.

As at 30 September 2013, the Group had cash and cash equivalents of approximately HK\$34.1 million (31 March 2013: approximately HK\$38.3 million). The debt ratio, calculated as total liabilities over total assets of the Group as at 30 September 2013 was approximately 44.0% (31 March 2013: approximately 44.3%).

MANAGEMENT DISCUSSION AND ANALYSIS



CAPITAL STRUCTURE

There has been no material change in the capital structure of Group during the period under review.

EMPLOYEE INFORMATION

As at 30 September 2013, the Company had 137 employees (31 March 2013: 132). The Company pays employees remuneration according to market practice, working experiences and performances of the employees. Other benefits are available to eligible employees, including retirement benefits.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

Directors', chief executives' interests in shares and short positions in the shares of the Company (the "Share(s)")

As at 15 October 2013, being the first date of trading the shares of the Company immediately after the period under review, save as disclosed below, none of the Directors and chief executive has any interest or short position in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part V of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or (b) to be entered into the register required to be kept therein, pursuant to section 352 of the SFO, or (c) to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules relating to securities transactions by directors of listed issuers, were as follows:

Long positions in Shares

Name of Directors	Nature of shares interested	Number of shares interested	Percentage of shareholding (%)
Mr. Tse Woon Mo, William ("Mr. William Tse") (Note 1)	Interest of controlled corporation	38,500,000 (long position)	38.50%
Mr. Chan Wing Kit ("Mr Chan") (Note 2)	Interest of a controlled corporation	700,000 (long position)	0.70%

Note 1: Platinum Tools Trading Limited is beneficially owned as to 56.36% by Mr. William Tse. Accordingly, Mr. William Tse is deemed to be interested in the 38,500,000 Shares held by Platinum Tools Trading Limited by virtue of the SFO.

Note 2: The entire issued share capital of World Partner Development Limited is beneficially owned by Mr. Chan. Accordingly, Mr. Chan is deemed to be interested in the 700,000 Shares held by World Partner Development Limited by virtue of the SFO.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS

So far as is known to the Directors as at 15 October 2013, being the first date of trading of the shares of the Company immediately after the period under review, the following persons had an interest or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name of shareholders	Capacity	Number of shares held	Percentage of shareholding
Platinum Tools Trading Limited (Note 1)	Beneficial owner	38,500,000	38.50%
Mr. William Tse (Note 1)	Interest of controlled corporation	38,500,000	38.50%
Mr. Yim Yin Nang (Note 1)	Interest of controlled corporation	38,500,000	38.50%
Hong Kong Royal Furniture Holding Limited (Note 2)	Beneficial owner	26,600,000	26.60%
Chitaly (BVI) Limited (Note 2)	Interest of controlled corporation	26,600,000	26.60%
Royale Furniture Holdings Limited (Note 2)	Interest of controlled corporation	26,600,000	26.60%

Note:

1. Platinum Tools Trading Limited is beneficially owned as to 56.36% by Mr. William Tse and 43.64% by Mr. Yim Yin Nang. Mr. William Tse and Mr. Yim Yin Nang are parties acting in concert. Accordingly, Mr. William Tse and Mr. Yim Yin Nang are deemed to be interested in the 38,500,000 Shares held by Platinum Tools Trading Limited under the SFO.
2. Hong Kong Royal Furniture Holding Limited is wholly owned by Chitaly (BVI) Limited ("Chitaly"), which is in turn wholly owned by Royale. Accordingly, Chitaly and Royale are deemed to be interested in the 26,600,000 Shares held by Hong Kong Royal Furniture Holding Limited under the SFO.

Save as disclosed above, as at 15 October 2013, being the first date of trading of the shares of the Company immediately after the period under review, the Directors are not aware of any other person (other than the Directors) who has an interest or short position in the shares or underlying shares (including interest in options, if any) of the Company as recorded in the register required to be kept under section 336 of the SFO.

INTERESTS OF THE COMPLIANCE ADVISER AND ITS DIRECTORS, EMPLOYEES AND ASSOCIATES

As confirmed by Kingsway Capital Limited, the compliance adviser of the Company, none of Kingsway Capital Limited and its directors, employees and associates is materially interested in any contract or arrangement subsisting on 15 October 2013, being the first date of trading of the shares of the Company immediately after the period under review, which is significant in relation to the business of the Group.

INTERESTS IN CONTRACTS

No contracts of significance in relation to the Group's business to which the Group was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the six months ended 30 September 2013 or at any time during such period.

COMPETING INTERESTS

During the period under review, none of the Directors or their respective associates (as defined under the GEM Listing Rules) had any business or interest in a business which competes or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

NEW BUSINESS OPPORTUNITY

There was no new business opportunity (as defined in the Prospectus headed "Relationship with Controlling Shareholders and Royale — Non-competition undertakings") referred by the covenantor controlling shareholders to the Company as provided under the non-competition undertakings.

AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") on 26 September 2012 with written terms of reference in compliance with the requirements as set out in Rule 5.28 of the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Company, nominate and monitor external auditors, review quarterly report of the compliance department's findings and provide advices and comments to the Directors.

The Audit Committee comprises three independent non-executive Directors, namely Chan Wai Cheung, Admiral, Ng Yat Cheung and Zhu Xiaobing. Chan Wai Cheung, Admiral is the chairman of the Audit Committee.

The Audit Committee has reviewed the interim financial information of the Group for the three months and six months ended 30 September 2013.

The Audit Committee also reviewed the non-compliance quarterly report of the Group for the six months ended 30 September 2013 and no material non-compliance issue has been identified.

OTHER INFORMATION

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Pursuant to a resolution passed by the Board on 26 September 2013, the Company has adopted all the requirements of the code provisions of the Corporate Governance Code as set out in Appendix 15 of the GEM Listing Rules as its code provisions. As the shares of the Company were not yet listed on GEM as at 30 September 2013, the Company is not required to disclose the details of compliance with the applicable code provisions of the Corporate Governance Code by the Group during the period in accordance with Rule 18.55(4) of the GEM Listing Rules.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company had adopted Rules 5.46 to 5.67 of the GEM Listing Rules as its own code of conduct regarding securities transactions by the Directors. As the shares of the Company were not yet listed on the GEM as at 30 September 2013, the Company is not required to comply with the required standards as set out in Rules 5.48 to 5.67 of the GEM Listing Rules during the six months ended 30 September 2013.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

As the shares of the Company were not yet listed on GEM as at 30 September 2013, the Company is not required to disclose the details of purchase, sale or redemption of the shares of the Company by the Group during the period in accordance with Rule 18.55(3) of the GEM Listing Rules.

By order of the Board
Jia Meng Holdings Limited

Tse Woon Mo, William
CHAIRMAN

Hong Kong, 14 November 2013

As at the date of this report, the executive Directors of the Company are Mr. Tse Woon Mo, William and Mr. Chan Wing Kit; and the independent non-executive Directors of the Company are Mr. Ng Yat Cheung, Mr. Zhu Xiaobing and Mr. Chan Wai Cheung, Admiral.