

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



First Quarterly Report

2014

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.

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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.



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CORPORATE INFORMATION

PRC OFFICE

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

HONG KONG OFFICE

Unit D, 23/F, Infotech Centre, 21 Hung To Road,
Kwun Tong, 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. Chan Wai Cheung, Admiral
Mr. Zhu Xiaobing

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. Chan Wai Cheung, Admiral
Mr. Zhu Xiaobing

COMPLIANCE ADVISER

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

AUDITOR

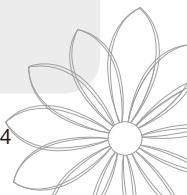
BDO LIMITED

LEGAL ADVISER

DLA Piper Hong Kong

THE CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Trust Company (Cayman) Limited





HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre,
183 Queen's Road East,
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 is pleased to announce the unaudited consolidated financial results of the Company and its subsidiaries (the "Group") for the three months ended 30 June 2014, together with the unaudited comparative figures for the corresponding period in 2013, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 30 June 2014

	NOTES	Three months ended 30 June	
		2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Revenue	6	33,694	26,429
Cost of sales		(26,359)	(19,661)
Gross profit		7,335	6,768
Other income		70	45
Selling and distribution expenses		(1,629)	(1,553)
Administrative expenses		(3,377)	(2,030)
Research expenses		(1,356)	(1,348)
Profit before income tax		1,043	1,882
Income tax expense	7	(845)	(485)
Profit for the period		198	1,397
Other comprehensive income that may be reclassified subsequently to profit or loss			
Exchange difference arising on translation of financial statements of foreign operations		42	1,131
Total comprehensive income for the period		240	2,528



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the three months ended 30 June 2014

	NOTES	Three months ended 30 June 2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Profit for the period attributable to:			
— Owners of the Company		171	1,379
— Non-controlling interests		27	18
		198	1,397
Total comprehensive income for the period attributable to:			
— Owners of the Company		213	2,499
— Non-controlling interests		27	29
		240	2,528
Earnings per share for profit attributable to owners of the Company during the period	8		
— Basic		HK 0.04 cent	HK 0.49 cent
— Diluted		N/A	N/A

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2014

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 D, 23/F, Infotech Centre, 21 Houg To Road, Kwun Tong, 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 mattresses and soft bed products in the People's Republic of China (the "PRC") and export of mattresses to overseas markets.

The condensed consolidated financial statements are presented in Hong Kong dollars ("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.

3. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards, which collective terms include all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of the GEM Listing Rules.

4. ACCOUNTING POLICIES

The accounting policies used in the preparation of the unaudited condensed consolidated financial statements are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 March 2014 except for the adoption of the standards, amendments and interpretations issued by the HKICPA mandatory for annual periods beginning on 1 April 2014. The effect of the adoption of these standards, amendments and interpretations was not material to the Group's results of operations or financial position.



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 mattresses and soft bed products in the PRC and export of mattresses 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 June	
	2014	2013
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Revenue from external customers		
PRC	4,157	10,250
Other countries	29,537	16,179
	33,694	26,429

(c) Information about a major customer

No single customer accumulated more than 10% of the Group's revenue for the three months ended 30 June 2014 and 2013.

6. REVENUE

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

7. INCOME TAX EXPENSE

	Three months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Income tax expense		
— PRC current	845	485

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 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%.

8. EARNINGS PER SHARE

The calculation of basic earnings per share for the three months ended 30 June 2014 are based on the profit attributable to the owners of the Company of approximately HK\$171,000 (three months ended 30 June 2013: HK\$1,379,000) and the weighted average of 400,000,000 shares in issue during the three months ended 30 June 2014 (three months ended 30 June 2013: 280,000,000, 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 issued pursuant to the placing, as if the shares had been in issue throughout the period).

The weighted average number of shares used to calculate the basic earnings per share for the three months ended 30 June 2013 and 2014 has been adjusted as a result of the share subdivision as disclosed in the circular of the Company dated 14 May 2014.

No diluted earnings per share is calculated for the three months ended 30 June 2014 and 2013 as there were no dilutive potential ordinary shares in existence.

9. DIVIDEND

The Board does not recommend the payment of any dividend for the three months ended 30 June 2014 (2013: Nil).



10. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited									
	Equity attributable to owners of the Company							Non-		Total equity
	Share capital	Share premium	Capital reserves	Merger reserves	Statutory reserves	Translation reserves	Retained earnings	Total	controlling interests	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 April 2013	10	—	—	—	5,033	9,055	37,827	51,925	861	52,786
Profit for the period	—	—	—	—	—	—	1,379	1,379	18	1,397
Other comprehensive income — Exchange differences arising on translation of financial statements of foreign operations	—	—	—	—	—	1,120	—	1,120	11	1,131
Total comprehensive income for the period	—	—	—	—	—	1,120	1,379	2,499	29	2,528
At 30 June 2013	10	—	—	—	5,033	10,175	39,206	54,424	890	55,314
At 1 April 2014	10,000	13,224	10,207	8	6,404	10,211	40,972	91,026	1,002	92,028
Profit for the period	—	—	—	—	—	—	171	171	27	198
Other comprehensive income — Exchange differences arising on translation of financial statements of foreign operations	—	—	—	—	—	42	—	42	—	42
Total comprehensive income for the period	—	—	—	—	—	42	171	213	27	240
At 30 June 2014	10,000	13,224	10,207	8	6,404	10,253	41,143	91,239	1,029	92,268

MANAGEMENT DISCUSSION AND ANALYSIS

DIVIDEND

The Board does not recommend the payment of any dividend for the three months ended 30 June 2014 (2013: Nil).

RESERVES

Movements in the reserves of the Group for the three months ended 30 June 2013 and 2014 are set out in note 10 to the condensed consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

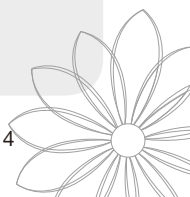
Financial Review

During the period, the turnover of the Group for the three months ended 30 June 2014 was approximately HK\$33.7 million, representing an increase of approximately 27.5% as compared to the same period in the previous year. The increase in turnover was mainly due to the increase in demand of mattresses from the overseas markets which was partially offset by the decrease in demand from domestic markets.

For the three months ended 30 June 2014, the Group achieved an overall gross profit of approximately HK\$7.3 million, representing an increase of approximately HK\$0.6 million over the corresponding period in previous year. Gross profit margin for the three months ended 30 June 2014 decreased to 21.8% from 25.6% recorded in the corresponding period in the previous year. The decrease in gross profit margin was mainly due to the increase in export sales 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 professional fee, staff costs and social insurance cost. For the three months ended 30 June 2014, the Group's administrative expenses increased to approximately HK\$3.4 million compared to approximately HK\$2.0 million for the corresponding period of last year, representing an increase of approximately 66.4%. The increase was mainly attributed to the increase in Directors' remuneration of approximately HK\$0.8 million.

Selling and distribution expenses for the three months ended 30 June 2014 was approximately HK\$1.6 million (2013: HK\$1.6 million). Selling and distribution expenses of the Group mainly comprised of exhibition expenses, salaries and custom duties.



Business Review and Prospect

In view of the decrease in demand of branded mattresses in the domestic market, the Group is working on increasing sales through other channels such as export sales of mattresses and sales of soft bedding products domestically. The Group is committed to allocating more resources on the research and development of new products in response to changes in market preferences.

Against a backdrop of slow global recovery, the Group has successfully increased its export sales during the period through participation in furniture exhibitions. In order to capture more overseas business, we shall continue to focus on market research to ensure that our product pricing and design remains competitive.

Looking forward, although the worldwide markets are getting more competitive, the Group will continue to expand our sales channels for our mattresses and soft bedding products both domestically and internationally.

Use of Proceeds

The shares of the Company were listed on the GEM of the Stock Exchange on 15 October 2013 with net proceeds from the placing of approximately HK\$13.4 million (after deducting placing commissions and related expenses). As of the date of this report, we have utilized HK\$1.2 million for general working capital purposes. As of 30 June 2014, proceeds not utilized were deposited into licensed banks in Hong Kong and the PRC. The Directors intend to apply the unused proceeds in the manner as set out in the Prospectus.

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)")

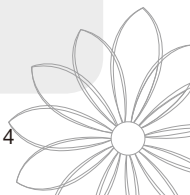
As at 30 June 2014, save as disclosed below, none of the Directors or chief executive had any interest or short position in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of 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 5.67 of the GEM Listing Rules relating to securities transactions by directors of listed issuers.

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 a controlled corporation	154,000,000 (long position)	38.50%
Mr. Chan Wing Kit ("Mr. Chan") (Note 2)	Interest of a controlled corporation	2,800,000 (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 154,000,000 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 2,800,000 Shares held by World Partner Development Limited by virtue of the SFO.



SUBSTANTIAL SHAREHOLDERS

So far as is known to the Directors and chief executive as at 30 June 2014, 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	154,000,000	38.50%
Mr. William Tse (Note 1)	Interest of a controlled corporation	154,000,000	38.50%
Mr. Yim Yin Nang (Note 1)	Interest of a controlled corporation	154,000,000	38.50%
Chow Koon Mei	Beneficial owner	20,088,000	5.02%

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 154,000,000 Shares held by Platinum Tools Trading Limited under the SFO.

Save as disclosed above, as at 30 June 2014, 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

Pursuant to the agreement dated 27 September 2013 entered into between Kingsway Capital Limited and the Company, Kingsway Capital Limited received and will receive fees for acting as the Company's compliance adviser.

As confirmed by Kingsway Capital Limited, the compliance adviser of the Company, save as disclosed above, and as disclosed in the Prospectus, none of Kingsway Capital Limited and its directors, employees nor associates is materially interested in any contract or arrangement as at 30 June 2014, which is significant in relation to the business of the Group.

DIRECTORS' 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 three months ended 30 June 2014 or at any time during such period.

COMPETING INTERESTS

During the period under review, none of the Directors or the controlling shareholders of the Company 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 Groups or had any other conflict or potential conflict of interest 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 2013 with written terms of reference in compliance with the requirements as set out in Rule 5.28 and 5.29 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 the quarterly report of the compliance department's findings and provide advice and comments to the Directors.

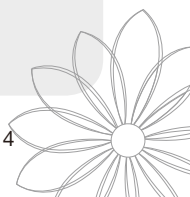
The Audit Committee comprises three independent non-executive Directors, namely Chan Wai Cheung, Admiral, Ng Yat Cheung and Zhu Xiaobing. Chan Wai Cheung, Admiral is the chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited financial information of the Group for the three months ended 30 June 2014.

The Audit Committee also reviewed the non-compliance report of the Group for the three months ended 30 June 2014 and no material non-compliance issue has been identified.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with all the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 15 of the GEM Listing Rules of the Stock Exchange.



SECURITIES TRANSACTIONS BY DIRECTORS

The Company had adopted Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct regarding securities transactions by the Directors. The Company has confirmed, having made specific enquiry of the Directors, that all the Directors have complied with the required standards of dealings throughout the period under review.

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

During the period under review, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

By order of the Board
Jia Meng Holdings Limited
Tse Woon Mo, William
CHAIRMAN

Hong Kong, 11 August 2014

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.