

# 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



Third 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](http://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

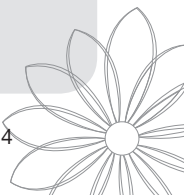
Tricor Investor Services Limited  
Level 22, Hopewell Centre,  
183 Queen's Road East,  
Hong Kong

## 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 and nine months ended 31 December 2014, together with the unaudited comparative figures for the corresponding periods in 2013, as follows:

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 31 December 2014

	NOTES	Three months ended 31 December		Nine months ended 31 December	
		2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Revenue	6	24,214	49,057	76,658	110,526
Cost of sales		(18,459)	(34,246)	(59,132)	(79,465)
Gross profit		5,755	14,811	17,526	31,061
Other income		13	88	516	204
Selling and distribution expenses		(1,061)	(1,755)	(4,230)	(5,426)
Administrative expenses		(3,044)	(3,455)	(12,889)	(12,892)
Research expenses		(769)	(903)	(3,283)	(3,427)
Profit/(loss) before income tax		894	8,786	(2,360)	9,520
Income tax expense	7	(517)	(2,437)	(1,729)	(4,472)
Profit/(loss) for the period		377	6,349	(4,089)	5,048
<b>Other comprehensive income that may be reclassified subsequently to profit or loss:</b>					
Exchange differences arising on translation of financial statements of foreign operations		53	147	241	1,672
Total comprehensive income for the period		430	6,496	(3,848)	6,720

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 31 December 2014

NOTES	Three months ended 31 December		Nine months ended 31 December	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Profit/(loss) for the period attributable to:				
— Owners of the Company	<b>357</b>	6,267	<b>(4,127)</b>	4,918
— Non-controlling interests	<b>20</b>	82	<b>38</b>	130
	<b>377</b>	6,349	<b>(4,089)</b>	5,048
Total comprehensive income for the period attributable to:				
— Owners of the Company	<b>410</b>	6,412	<b>(3,888)</b>	6,573
— Non-controlling interests	<b>20</b>	84	<b>40</b>	147
	<b>430</b>	6,496	<b>(3,848)</b>	6,720
Earnings/(loss) per share for profit attributable to owners of the Company during the period	8			
— Basic	<b>HK0.08 cent</b>	HK1.64 cent (Restated)	<b>HK(1.01) cent</b>	HK1.57 cent (Restated)
— Diluted	<b>N/A</b>	N/A	<b>HK(1.02) cent</b>	N/A





# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 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 Hung 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 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 the reorganisation ("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 ("2014 Annual Financial Statements") 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 which was not material to the Group's results of operations or financial position. The following accounting policies had been adopted by the Group but were not summarised in the section headed "Summary of Significant Accounting Policies" of the 2014 Annual Financial Statements as the Group had no share-based payment arrangement at that time.

##### Share-based payments

Where share options are awarded to employees and others providing similar services, the fair value of the options at the date of grant is recognised in profit or loss over the vesting period, or recognised in profit or loss in full at the grant date when the share options granted vest immediately, with a corresponding increase in the share option reserve within equity. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the end of each reporting period so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also recognised in profit or loss over the remaining vesting period. At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. After the vesting date, when the share options are forfeited or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained earnings.

#### 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.



## 5. SEGMENT INFORMATION (Continued)

### (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 31 December		Nine months ended 31 December	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
<b>Revenue from external customers</b>				
PRC	19,110	36,173	32,213	66,741
Other countries	5,104	12,884	44,445	43,785
	<b>24,214</b>	49,057	<b>76,658</b>	110,526

### (c) Information about a major customer

No single customer accumulated more than 10% of the Group's revenue for the three months and nine months ended 31 December 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 31 December		Nine months ended 31 December	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
<b>Income tax expense</b>				
— PRC current	517	2,437	1,729	4,472

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/(LOSS) PER SHARE

The calculation of the basic and diluted earnings/(loss) per share attributable to owners of the Company is based on the following data:

Profit/(loss)	Three months ended 31 December		Nine months ended 31 December	
	2014	2013	2014	2013
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Profit/(loss) for the purposes of basic and diluted earnings/(loss) per share	<b>357</b>	6,267	<b>(4,127)</b>	4,918
<b>Number of shares</b>	<b>'000</b>	'000	<b>'000</b>	'000
Weighted average number of ordinary shares for the purposes of basic earnings/(loss) per share	<b>420,261</b>	381,740 (Restated)*	<b>406,916</b>	314,036 (Restated)*
Effect of dilutive potential ordinary shares – share options	<b>N/A<sup>∨</sup></b>	N/A <sup>^</sup>	<b>(1,108)</b>	N/A <sup>^</sup>
Weighted average number of ordinary shares for the purposes of diluted earnings/(loss) per share	<b>N/A<sup>∨</sup></b>	N/A <sup>^</sup>	<b>405,808</b>	N/A <sup>^</sup>

\* The weighted average number of shares, after the restatement due to share subdivision ("Share Subdivision")<sup>#</sup> as set out below, used to calculate the basic earnings per share for the three months and nine months ended 31 December 2013 includes the weighted average of approximately 101,740,000 and 34,036,000 shares respectively issued upon the placing of the Company's shares in October 2013, in addition to the 280,000,000 shares which represent the number of shares of the Company issued 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 periods.

<sup>^</sup> No diluted earnings per share is calculated for the three months and nine months ended 31 December 2013 as there were no dilutive potential ordinary shares in existence.

<sup>∨</sup> No diluted earnings per share has been presented for the three months ended 31 December 2014 because the exercise price of the Company's share options was higher than the average market price for shares during the period.

<sup>#</sup> At the extraordinary general meeting of the Company held on 30 May 2014, an ordinary resolution in respect of the Share Subdivision, on the basis that every one issued and unissued share of HK\$0.1 each in the share capital of the Company be subdivided into four subdivided shares of HK\$0.025 each, was duly passed and approved by shareholders. The Share Subdivision became effective on 3 June 2014. Details of the Share Subdivision are disclosed in the circular of the Company dated 14 May 2014.

## 9. DIVIDEND

The Board does not recommend the payment of any dividend for the nine months ended 31 December 2014 (2013: Nil).

## 10. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited										
	Equity attributable to owners of the Company										
	Share capital	Share premium	Capital reserves	Merger reserves	Statutory reserves	Share option reserves	Translation reserves	Retained earnings	Total	Non-controlling interests	Total equity
	HK\$'000	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
Arising from Reorganisation	(8)	—	—	8	—	—	—	—	—	—	—
Issue of ordinary shares											
by placing	3,000	31,500	—	—	—	—	—	—	34,500	—	34,500
Shares issue expenses	—	(11,278)	—	—	—	—	—	—	(11,278)	—	(11,278)
Share capitalisation	6,998	(6,998)	—	—	—	—	—	—	—	—	—
Capital contribution	—	—	10,207	—	—	—	—	—	10,207	—	10,207
Profit for the period	—	—	—	—	—	—	—	4,918	4,918	130	5,048
Other comprehensive income —											
Exchange differences arising on translation of financial statements of foreign operations	—	—	—	—	—	—	1,655	—	1,655	17	1,672
Total comprehensive income for the period	—	—	—	—	—	—	1,655	4,918	6,573	147	6,720
At 31 December 2013	10,000	13,224	10,207	8	5,033	—	10,710	42,745	91,927	1,008	92,935
As at 1 April 2014	10,000	13,224	10,207	8	6,404	—	10,211	40,972	91,026	1,002	92,028
Profit/(loss) for the period	—	—	—	—	—	—	—	(4,127)	(4,127)	38	(4,089)
Other comprehensive income —											
Exchange differences arising on translation of financial statements of foreign operations	—	—	—	—	—	—	239	—	239	2	241
Total comprehensive income for the period	—	—	—	—	—	—	239	(4,127)	(3,888)	40	(3,848)
Share issued under share option scheme ("Share Option Scheme")	50	1,276	—	—	—	(442)	—	—	884	—	884
Recognition of share-based payments	—	—	—	—	—	1,476	—	—	1,476	—	1,476
Share issued by placing (note (a))	2,000	14,342	—	—	—	—	—	—	16,342	—	16,342
At 31 December 2014	12,050	28,842	10,207	8	6,404	1,034	10,450	36,845	105,840	1,042	106,882

## 10. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

Note:

- (a) On 11 December 2014, an aggregate of 80,000,000 placing shares have been successfully placed to not less than 6 independent placees at the placing price at HK\$0.213 per placing share. The net proceeds from the placing (after deduction of related expenses) are approximately HK\$16.3 million.

## 11. CONTINGENT LIABILITIES

During the period ended 31 December 2014, a subsidiary of the Company (“the Defendant”) was involved in legal actions in the PRC. Approximately RMB4,100,000 worth of raw materials was purchased from a supplier and due to the quality problems of the raw materials the Defendant has refused to pay. A bank deposit of approximately RMB4,100,000 was frozen by a court order. The Defendant has appealed to the Guangzhou Zengcheng District People’s Court (廣州市增城區人民法院).

The directors believe, based on legal advice, that the Defendant has legal and factual grounds to defend and therefore no provision has been made in the condensed consolidated financial statements.

Save as disclosed above, the Group did not have any significant contingent liabilities as at 31 December 2014.





# MANAGEMENT DISCUSSION AND ANALYSIS

## DIVIDEND

The Board does not recommend the payment of any dividend for the nine months ended 31 December 2014 (2013: Nil).

## Reserves

Movements in the reserves of the Group for the nine months ended 31 December 2013 and 2014 are set out in the note 10 to the condensed consolidated financial statements.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Review

During the period, the turnover of the Group for the nine months ended 31 December 2014 was approximately HK\$76.7 million, representing a decrease of approximately 30.6% as compared to the same period in the previous year. The decrease in turnover was mainly due to the decreasing demand of mattresses and soft beds in the domestic markets.

For the nine months ended 31 December 2014, the Group achieved an overall gross profit of approximately HK\$17.5 million, representing a decrease of approximately HK\$13.5 million over the corresponding period in the previous year. Gross profit margin for the nine months ended 31 December 2014 decreased to 22.9% from 28.1% recorded in the corresponding period in the previous year. The decrease in gross profit margin was mainly due to the decreasing demand of mattresses and soft beds in the domestic markets which carried a higher gross profit margin than those products for overseas markets.

The administrative expenses of the Group primarily comprised of expenses incurred for the Listing, legal and professional fees, staff costs and social insurance cost. For the nine months ended 31 December 2014, the Group's administrative expenses was approximately HK\$12.9 million (2013: approximately HK\$12.9 million). The slight decrease in administrative expenses was mainly due to an increase of Directors' fee, share-based compensation expenses and professional fee by approximately HK\$1.9 million, HK\$1.5 million and HK\$2.6 million respectively which was offsetted by the decrease of Listing expenses by approximately HK\$5.8 million.

Selling and distribution expenses for the nine months ended 31 December 2014 was approximately HK\$4.2 million (2013: HK\$5.4 million). The decrease in selling and distribution expenses was mainly due to a decrease in staff costs and marketing research fees.

## Business Review and Prospect

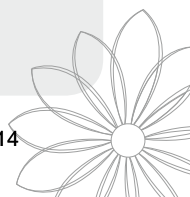
Except struggling to minimize the adverse effect from the decreasing demand of branded mattresses in the PRC market, the Group is working on increasing sales through other channels such as export sales of mattresses. The Group is committed to allocating more resources on the research and development 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 businesses, we shall continue to focus on market research to ensure that our product pricing and designs remain 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. The Group will consider to adopt business diversification strategy and develop other business operation. In order to maximize the returns for the shareholders of the Company, the Group will consider investing in quality listed securities. Its approach not only diversifies the sources of income, but also provides additional resources to finance its core business, which on turn enhance the Group's competitive edges.

## USE OF PROCEEDS FROM THE PLACING OF SHARES

The Company raised its fund by way of a placing of 30,000,000 shares of the Company at the placing price of HK\$1.15 per share on 15 October 2013. Net proceeds from the placing of shares amounted to approximately HK\$13.4 million (after deducting the placing commission and legal and professional expenses). As at 31 December 2014, the unutilised proceeds were deposited in licensed banks in Hong Kong and the PRC. Such net proceeds have been used in the following manner:

	<b>Net proceeds</b> (HK\$ in million)	<b>Approximate amount of net proceeds utilised up to 31 December 2014</b> (HK\$ in million)	<b>Approximate amount of net proceeds unutilised up to 31 December 2014</b> (HK\$ in million)
Participate in overseas trade fairs	3.2	0.6	2.6
Production design, research and development and hire of new designer	2.4	0.8	1.6
Enter into distributorship arrangement with our specialty retailers and promote our brand image and products with them	2.0	0.6	1.4
Construct new production facility	4.6	—	4.6
General working capital	1.2	1.2	—
<b>Total</b>	<b>13.4</b>	<b>3.2</b>	<b>10.2</b>





## OTHER INFORMATION

### 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 31 December 2014, 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.

#### Long positions in shares

Name of Directors	Nature of shares interested	Number of shares interested	Number of underlying shares (Note 3)	Percentage of shareholding (%)
Mr. Tse Woon Mo, William ("Mr. William Tse") (Note 1)	Interest of controlled corporation	154,000,000 (long position)	—	31.95%
Mr. Chan Wing Kit ("Mr Chan") (Notes 2 and 3)	Interest of a controlled corporation and beneficial owner	4,800,000 (long position)	2,000,000 (long position)	1.41%

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 and Mr. Chan personally held 2,000,000 shares.

Note 3: The interests in underlying shares represented interests in share options granted to the Director, further details of which are set out in the section headed "Share Option Scheme" below.

## SUBSTANTIAL SHAREHOLDERS

So far as is known to the Directors as at 31 December 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	31.95%
Mr. William Tse (Note 1)	Interest of controlled corporation	154,000,000	31.95%
Mr. Yim Yin Nang (Note 1)	Interest of controlled corporation	154,000,000	31.95%

Note:

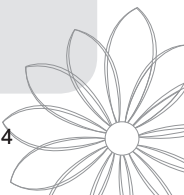
1. Platinum Tools Trading Limited is beneficially owned as to 56.36% by Mr. William Tse and 43.64% by Mr. Yim Yin Nang. Mr. William Tse and Mr. Yim Yin Nang are parties acting in concert. Accordingly, Mr. William Tse and Mr. Yim Yin Nang are deemed to be interested in the 154,000,000 shares held by Platinum Tools Trading Limited under the SFO.

Save as disclosed above, as at 31 December 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.

## SHARE OPTION SCHEME

On 22 August 2014, a share option scheme (the "Share Option Scheme") was approved by the shareholders of the Company and adopted by the Company. Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme was adopted.

Concerning the Share Option Scheme, the maximum number of shares which may be allotted and issued upon the exercise of all options shall not initially in aggregate exceed 10% of the shares in issue as at the date of adoption of the Share Option Scheme. The aggregate number of shares of the Company which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company at any time shall not exceed 30% of the shares of the Company in issue from time to time. No options shall be granted under any schemes of the Company or any of its subsidiaries if this will result in the 30% limit being exceeded.







## OTHER INFORMATION

The total number of shares of the Company issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of the Company to each eligible participant in any 12-month period up to the date of grant shall not exceed 1% of the shares of the Company in issue as at the date of grant.

Any grant of share options to a Director, chief executive or substantial shareholder of the Company, or to any of their respective associates, is required to be approved by the independent non-executive Directors. In addition, any share options granted to a substantial shareholder or any independent non-executive Director of the Company, or to any of their respective associates, such that within any 12-month period, in aggregate in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company's shares at the date of each offer) in excess of HK\$5 million, are subject to shareholders' approval in a general meeting.

An offer of a grant of options may be accepted within such time as may be specified in the offer (which shall not be later than 21 days from the offer date).

The exercise period of the share options granted is determinable by the Directors, and commences after a certain vesting period and ends on a date which is not later than ten years from the date of the offer of the share options.

The subscription price for shares under the Share Option Scheme shall be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of the shares on the offer date, which must be a business day; (ii) the average closing price of shares as stated in the Stock Exchange's daily quotations sheets for trade in one or more board lots of the shares for the five business days immediately preceding the Offer Date; and (iii) the nominal value of a share. A nominal consideration of HK\$1.00 is payable on acceptance of the grant of an option.

The following table discloses details of movements in respect of the Company's share options

Grantee	Date granted and vested	Exercisable period (Both dates inclusive)	Exercise price (Note 1)	At 1 April 2014	Granted during the period	Exercised during the period (Note 2)	Outstanding at 31 December 2014
Director — Mr. Chan	4 Sept 2014	4 Sept 2014 to 3 Sept 2016	0.442	—	4,000,000	2,000,000	2,000,000
Employee	4 Sept 2014	4 Sept 2014 to 3 Sept 2016	0.442	—	4,000,000	—	4,000,000
				—	8,000,000	2,000,000	6,000,000

Note 1: The closing prices per share immediately before the date on which the share options was granted were HK\$0.42.

Note 2: The closing price of the shares immediately before the dates on which the share options were exercised is HK\$0.41.

The fair values of options granted were determined using the Binomial Model with assumptions and parameters set out as follows:

Grant date:	4 September 2014
Share price on grant date	HK\$0.42
Exercise price	HK\$0.442
Expected volatility*	139.7%
Life of options	2 years
Risk-free rate	0.44%
Fair values of options granted	HK\$1,476,000

\* The expected volatility is estimated by the historical volatility of the Company's share price over the most recent period commensurate with the expected life of the share options. The historical volatility is calculated from lognormal return of the share price of the Company between the Listing date and the valuation date.

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

As confirmed by Kingsway Capital Limited, the compliance adviser of the Company, save as disclosed in the Prospectus, none of Kingsway Capital Limited and its directors, employees and associates is materially interested in any contract or arrangement as at 31 December 2014, 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 nine months ended 31 December 2014 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 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 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 financial information of the Group for the three months and nine months ended 31 December 2014.

The Audit Committee also reviewed the non-compliance report of the Group for the nine months ended 31 December 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 5.46 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, 9 February 2015

*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. Chan Wai Cheung, Admiral and Mr. Zhu Xiaobing.*